

BASIC

MARKETING

1st Edition



Salman Zaheer

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Basic Marketing

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Dedication

I like to dedicate this book to my beloved parents whose sacrifices span decades and are more than I'll ever know, for instilling love of education and religion, for the training and guidance that they gave.

Secondly, I would also like to dedicate it to the future generations of Pakistan, hopefully they'll learn and implement the ilm/knowledge (علم) to develop and market products and brands to help the humanity. Doing all of this while ensuring moral and ethical standards that keep them coming closer to The Maker and keep following the sunnahs of Holy Prophet Hazrat Muhammad ﷺ
(Peace Be Upon Him).

*"You were born with greatness.
You were born with wings.
You are not meant for crawling, so don't.
You have wings. Learn to use them and fly."*



- Jalal-ud-Din Rumi (1273 ce)

Preface

May all praises be to The Lord, The Creator of time and space, The Sustainer of this entire universe, The Giver of Life, The Bringer of Death and The One who'll revive us all on the Day of Judgment.

Unfortunately, most academic books available in Pakistan today lack local examples as those are written by foreign authors. It is extremely difficult for participants to understand a concept through a brand or company that they are listening about for the first time. Many books are filled with names of corporations that even instructors have never heard of which makes teaching even the most basic courses like Principles of Marketing and Entrepreneurship a difficult task. This book is an attempt to fill this gap in Pakistan with some cases and examples that participants residing here can easily relate to.

Another issue is that many books lack proper guidance on personal development of individuals and are more focused towards only money making aspects. Training element is becoming absent from both books and even most universities. Efforts have been made in this book to assist the participants become a better human being as well.

Acknowledgements

Although often only one author is mentioned on a book but reality is that it is a collaborative effort in which a large number of people contribute. The author would like to thank all those people from my parents who helped and emphasized the importance of education especially my father who always taught so much that major chunk of our childhood was spent only in studying, single activity that consumed our most time. Our entertainment time was often limited to a few minutes per day, while it hurt us then, it has paid-off now. To my mother who even at this old age still cooks, looks after the home and has sacrificed in every possible way a human being can for taking care of her children, something that kept me mentally free and thus provided me with concentration for reading and writing.

To my brothers for ... well for being my brothers. :p

To my only niece for her innocence and for always giving a warm welcoming smile that would make worries go away.

To all of my teachers who contributed in intellectual development especially marketing faculty members as **Mr. Rehan-ul-Haq** and **Dr. Sarwar Azhar**.

To UMT for providing the

environment, the resources, the forum, the time, the opportunity, colleagues, library with dozens of books in both digital-form and hard-copies, office boy **Mr. Shakeel Ahmed** for his continuous support and delicious tea and coffee that all contributed in providing a conducive stress-free environment. Above all else some of the most incredible students whose passion and intelligence provided fuel and motivation without which accomplishing this feat wouldn't have been possible, specifically the contributors **Misha Jawad** and **Gul-e-Nayab** for their time and efforts in helping develop and expand the text as well as to **Saima Ahmed** for designing various figures and **Fatooma** for her valuable inputs, **Maryam Iqbal** and **Syeda Sana Fatima** for their extraordinary hard-work, quality time and massive improvement suggestions, finally to **Ms. Anisha Tanveer** for proof-reading.

To All those who wrote and provided material for this book several authors especially Kinnear, Kotler, Hunt & Mello, Boonie & Kurtz whose writings assisted a lot. Also local sources including Aurora, BrandSynario, PAMA, Economic Survey and many others.

All deserve appreciation and thanks. Jazakumullah khair. (May The God give you best rewards).

About the Author

Salman Zaheer did MBA-Marketing from Lahore School of Economics in 2006. After which he joined as Research Assistant in School of Business and Economics, University of Management and Technology, Lahore, where he also started teaching in 2011. Alongside he did MS in Marketing from IBM-UET in 2016. Currently he is working as Lecturer in HSM, UMT, Pakistan.



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Lecture Videos in Urdu (اردو)



<https://www.youtube.com/playlist?list=PLUfAdM9HRtP-tE2smHu4QCQZHA2lsShm7>



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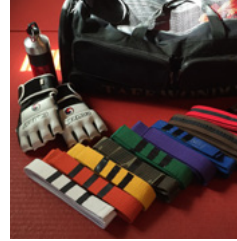
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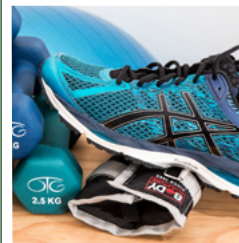
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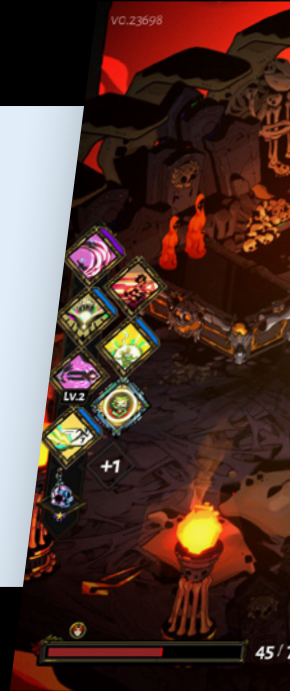
Introduction to Marketing

- 1 Importance of Marketing
- 2 What is Marketing?
- 3 Needs versus Wants
- 4 Marketing Myopia
- 5 Marketing Philosophy
- 6 Scope of Marketing
- 7 Vision, Brands and Career

Learning Objectives

After reading this chapter you should be able to:

- Understand basics of marketing including its various definitions
- Know the importance of need and want in marketing
- Know how has marketing evolved through various eras of marketing and philosophies
- Understand marketing myopia
- Learn about role of ethics in marketing





Ch-01 Lecture Video in Urdu (اردو)

<https://youtu.be/6-mltzKlfYE> [35min.]



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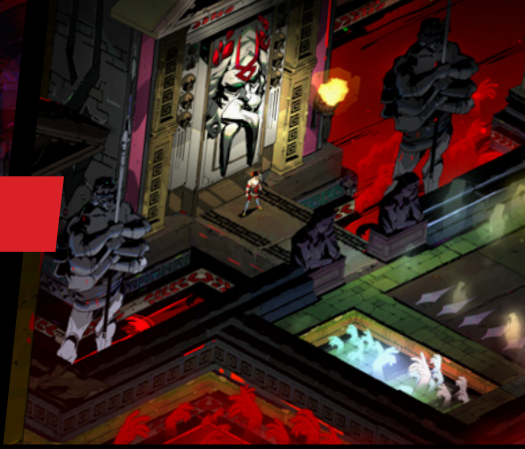
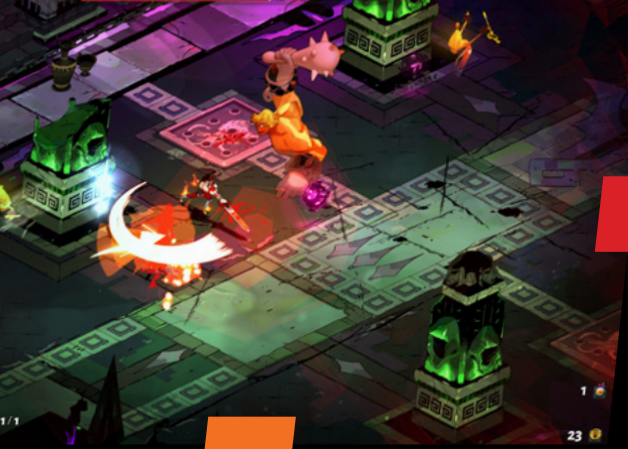
“

- Theodore Levitt (cf. 2006)
German born American professor
at Harvard, and author.



"Marketing is as different from selling as
chemistry is from alchemy, astronomy from
astrology, chess from checkers."

”



Credits: Supergiant Games. Reprinted with permission.



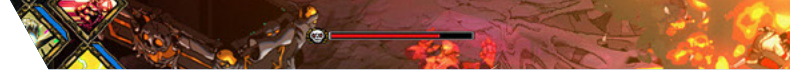
Opening Scenario

A Case of



As a customer presses buttons and enjoys a video game, he is unaware of the marketing actions taken by the company which brought that experience to him. However, companies have to think and plan a lot from manufacturing of products (development of video game) to distribution channels (be those online purchases or retail outlets where Blu-rays are placed), from pricing to its promotional efforts. One video game developer and publisher is American Supergiant Games, whose CEO Amir Rao is of Pakistani origin but grew up in US and graduated from Columbia University with a major in English¹. He joined Electronic Arts (a video game developer) as an intern in 2005, then was employed by them where he worked on Command & Conquer series as Red Alert 3. Later on Amir and one of his colleagues Gavin Simon both quit their jobs in 2009 as they decided to develop a new company together thus forming Supergiant Games with its Head Quarters in California, US². They ended up launching 'Bastion' an action RPG (Role Playing Game) that was although their first game but gained massive fame. It had very high rating, released on X360, PC, IOS in 2011/12 and later on even on PS4 in 2015. Following it they came up with further successful action RPGs 'Transistor' (2014) and 'Pyre' (2017), that gained an average of 85% rating on [metacritic.com](https://www.metacritic.com)³. With a small team of 20 employees they approached Epic Games for development of a game for Steam (an online gaming platform for Windows). An initial version (called 'early access') of this game 'Hades' was released in 2019 while the full game is scheduled for late 2020 as the development time for a game is three years⁴, something that most video game players are unaware of.

Amir was listed as one of the top 30 under 30 by Forbes in 2014⁵. These are remarkable feats and are not easily achieved without a lot of planning and promotion. Games developed by Supergiant are played by thousands of players yet majority of them would never give a thought to the amount of effort exerted and planning done by the company in bringing this product to them.



Importance of Marketing

So, you woke up today by an alarm set on your Huawei's mobile, brushed your teeth using Medicam toothpaste, had breakfast with Dawn Bread along with Mitchell's jam, or took last night's pizza of Pizza Twin from your Dawlance refrigerator and heated using LG's microwave oven, did an assignment on Acer's laptop using Microsoft Word, got a print-out via Canon's printer, wore Bata's shoes, went to Punjab University on Suzuki's car or Honda's bike? On your way to the university, you might have seen dozens of ads/billboards of different brands. Now observe, how gravely marketing impacts us on an everyday basis. Whether we notice it or not but marketing efforts are all around us and have reshaped our lives significantly.

Marketing is full of colours, talks about everything including corporations, money circulation, the world we live in and the brands that touch us every day. Although each department in an organization has its own importance, however without sales & marketing a company won't be able to sell and hence won't make profit in the first place.

The scope of marketing is almost limitless, from selling of commodities to luxury products, from simple non-branded items to most prestigious brands, from a software to the sale of a factory, each and everything is sold more conveniently when promoted.



Marketing touches all aspects of our lives throughout the day. There is hardly a moment in which we are not interacting with a brand. Every single app on our smartphone and website is a brand.



Credits: Image by Gerd Altmann from Pixabay

Hence, marketing efforts assist to achieve an increase in sales.

In addition to this, marketing helps to identify people's needs and then provides insights to build new products. These products on one end benefit masses by satisfying customers' requirements and on the other end create several jobs and the economy flourishes thus most of the society benefits. Marketing is also important to an undergraduate student in two ways. Firstly, as a potential business person these techniques may benefit you if you decide to launch your own venture. Secondly, everyone is a consumer and all of us utilize dozens of brands on daily basis, so marketing knowledge will help you become aware of the tactics being used by companies to persuade you into buying their products. Once

you know this you'll become more alert consumer with rational decision making. This also reflects the purpose of education; to unlock the mind, to educate it and feed it with knowledge that is beneficial for humanity. Moreover, throughout this book you will learn about many companies and brands and perhaps might even discover a career.

Irrespective of which field you belong to, whether you are a student of CS, IT, business, medicine, engineering, aviation, or a professor who is teaching, or a professional looking to expand his business, or even just an ordinary person, all of us are touched by marketing in one form or another. So, the knowledge of marketing is crucial as it guides us towards better business practices and also helps to become better and more informed consumer.

What is Marketing?

For a layman marketing is just 'selling' or 'advertising' as it is usually the response of people when they are asked what do they think of 'marketing'. As we proceed further, we'll learn that these two come under the domain of marketing; whereas marketing itself encompasses a lot more. As a matter of fact marketing starts long before a product even reaches the market. For example, a company has to analyse the needs and requirements of people, estimate how many people might be using similar products, predict the willingness of the number of people to purchase a particular type of product, estimate the price for a product which the buyers would be interested in paying and so on. These activities certainly go beyond simple advertising and selling. All of these activities are a compulsory part of the company planning because overlooking these details will likely get the company into trouble.


Marketing Defined

Try asking ten experts or even twenty to define '*marketing*', chances are that you will get an equal number of different answers because a single universally accepted definition of marketing has not yet been achieved. One of the shortest possible definitions of marketing would be "creating and capturing customer value"⁶.

American Marketing Association (AMA) renewed marketing definition in 2013 as "Marketing is the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large"⁷.

This lengthy definition contains a number of important concepts, one is 'value' for customers. While remaining concepts as 'creating (product), communicating (promotion), delivering (placement) and exchanging (pricing)' can broadly be clipped into four Ps (4Ps). Let us take a look at these terms briefly in this chapter. Then the second section of the book is dedicated to 4Ps, spread over five chapters: Chapter four

 *Marketing: Creating and capturing customer value.*

 *"[Marketing] is the whole business seen from the point of view of its final results, that is, from customer's point of view."*

- Drucker (d. 2005)

Austrian born US consultant and author.

and five on product, chapter six on pricing, chapter seven on promotion and chapter eight on distribution (place).

Marketing Mix (4Ps)



Marketing Mix

- **4Ps:** Product, Price, Place and Promotion - The controllable set of marketing activities/variables that a firm uses to respond to wants of its target market.

Very widely used are these components of marketing, called the *marketing mix*, 4Ps (introduced in 1950s) which comprise of product, price, place and promotion. Although these four elements are tools of a marketer but some authors have criticized on the over-simplification of marketing into just 4Ps, because it gives an incomplete picture. Nevertheless, these are important and found in most marketing books. Irrespective of the product or service that a company has to sell, be it a detergent, a CD, a medicine or coffee; a company needs to build a product, price it, distribute (place) it to bring it closer to customer and promote it.



Marketing Mix: Product, Price, Place and Promotion.



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Some people assume that advertising is synonymous with marketing but now and as we are progressing through this book we can see that advertising is just a part of promotion (more details coming in chapter number seven on promotion) while promotion is one of the 4Ps. Hence, advertising is just one of many elements of marketing and a part of the huge 'marketing world'.



Market (Target

Market): Groups of potential customers to whom a firm decides to direct its marketing efforts.

The term '*market*' should also be understood as it has two meanings, it is used for that 'physical place where people go to buy goods'. Its second meaning is all potential and existing customers or 'target market'. For example, sometimes people would say there is a very small 'market' of dishwashers in Pakistan which means that there are very few prospective customers of it.

At times it is assumed that 4Ps miss out on some details for example, these do not include services. Actually services are also the product of companies which provide them; like transportation. When you pay Rs. 300 to a rickshaw for bringing you from home to university, which product have you purchased for this amount? It is actually a service of transporting you from one place to another.

Photo by Tsion Chudnovsky on Unsplash



Concept of 'product' encompasses services as well. A rickshaw charges not for a tangible product, but instead takes you from one place to another, hence is providing a service.

Customer Value

Marketing and distribution take about 50% of the cost of the product a consumer pays, although it varies from industry to industry. For example, even if you buy an ice-cream of Rs.50 then roughly Rs.25 might be going to the retailer and on the marketing expense. So, a family might be spending Rs.100,000 on eatables and clothing every month. From this about Rs.50,000 is being paid for promotion and distribution of the consumed items. Since, it takes such a huge amount of your spending it is worth knowing where all of this money is spent, primarily to bring value.

This term 'value' is derived from marketing definition given by AMA (American Marketing Association). *Value* is the comparison between benefits received from a product against the costs incurred. Not everyone needs everything; each product/brand has a certain value in a person's mind. For example, one might not be willing to buy a shami burger for more than Rs.80 on the other hand same person might be willing to spend Rs.450 on a beef burger with a double patty by 'My Burger'. It is because in his view that one meal from My Burger is worth spending this



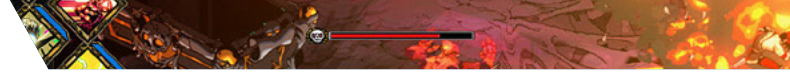
Customer-Value:

A customer's difference between benefits he/she gets against the costs he/she pays



Some brands provide better value through similar offering but lower prices as My Burger brand in Lahore offers Rs.450 for a double patty burger that is usually sold for Rs. 600 or more by other brands.

Image credits: My Burger.
Reprinted with permission.



much amount.

$$\text{Value} = \frac{\text{Benefit (functional benefits + other benefits)}}{\text{Customer Cost (financial + time + energy etc.)}}$$

Customer views value as the difference between total benefits and costs.

Although financial cost may sometimes be assumed to be the only cost but it is not always the case. For example, there is a possibility that a shopkeeper near your home may be selling a smartphone for Rs. 10,200 while the same set may be purchased from Hafeez Centre for Rs. 10,000, so where should you be buying it from? Since travelling is a difficult and time-consuming task, so majority of people would gladly pay the extra 200 rupees for it. A branded shirt or cloth has much higher price than the same item on a non-branded shop. Sometimes, an expensive item such as a heavy bike cannot be purchased because of social pressure from parents and sincere siblings and friends, the social pressure that is part of the cost and may offset the benefits of a product. Someone at a managerial level might opt to keep a low-end mobile phone only because his son is a 5-year old and is used to playing and even breaking his father’s mobile every once in a while. Although the manager can easily afford a high-end set but due to the permanent risk of its damage he may not buy it.

It is always the customer who defines the value of a product and not the seller. Value may also be considered as a combination of quality, service and price. How much would you be willing to pay for following shoes as given in table 1.1? Also try asking your colleagues how much they would be willing? Then see if the numbers match.

	Official Shoes	Joggers	Skates	Slippers
M. Ali	Rs. 3,000	Rs. 0	Rs. 0	Rs. 800
Khalid	Rs. 1,200	Rs. 0	Rs. 25,000	Rs. 500
Amna	Rs. 0	Rs. 10,000	Rs. 0	Rs. 5,000
You				
Your Colleague				

➤ Table 1.1 Shoe Types and Customer Value

Someone like Ali might say that he may buy official shoes for up to Rs. 3,000 but won’t pay anything more than Rs.800 for slippers and perhaps nothing for skates. Why? Because Ali is not interested in skating or even in any jogging type activity. So, for him the value being given by these shoes isn’t worth anything. While Khalid likes to skate and although he isn’t interested in buying expensive slippers but would gladly buy quality skates for Rs.25,000 to fulfil his interest. On the other hand, Amna wears joggers when going to the university, so for her paying even Rs.10,000 is fine for it, but she isn’t interested in official shoes or skates. In all of these cases if we put zero in the numerator of above equation it doesn’t matter which number we have in denominator i.e. how low the price is.

Hence for everyone for whom there is no benefit of a certain shoe, it is not worth anything. In other words, it does not have that 'value' for them. So, they won't be interested in buying.

$$\text{Value} = \frac{\text{Benefit (Zero)}}{\text{Customer Cost}}$$

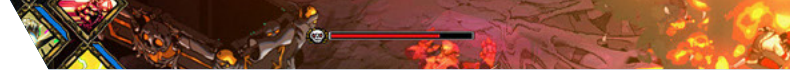
Image by chezbeate from Pixabay



Shoes are available in variety but each has different value for each customer.

If a product meets the customer's expectations, or in other words if it provides enough value then it results in customer satisfaction. If the product fails to meet the expectations then it results in customer's disappointment. However, if the product exceeds expectations significantly then it results in customer delight. For example, MIA Corporation imports air-conditioning units of Acson and other brands in Pakistan. They give one year free service that otherwise comes at a cost of around Rs.1,500. Once their sales manager called one of the clients after 11 months and asked him if he would like to avail the free service which would expire in a few days. Since, this call was made unexpectedly the customer was delighted at this offer.

Companies should set expectations that they can fulfil. An unsatisfied customer shares his experience with a lot more people than a satisfied one; this negative impact has a multiplying effect while a positive experience has only an adding effect. Hence dissatisfaction will have a very detrimental impact on the brand. On the other hand, a positive experience can benefit the company in the long term, resulting in a higher customer lifetime value. **Customer lifetime value** is the value of the entire stream of purchases that one customer would make over his/her lifetime. A satisfied customer can bring a lot of revenue in future.



Needs: State of felt deprivation.



Wants: Forms of need as shaped by society and personality.



A person wants only roti for fulfilment of his 'need' of hunger, on the other hand another person may find rice to be sufficient.



Image by dodmichaela from Pixabay



Mobile phones are not need. Apple's iPhone fulfills need of communication.



Photo by Kevin Bhagat on Unsplash

Needs Versus Wants

Everyone has to consume certain goods and services to fulfil basic requirements; called as needs. *Needs* are states of felt deprivation, these have different types for example: Physical (basic requirements of human body) such as hunger, thirst, shelter, safety etc.; Social as need for belongingness and affection; Individual as need for knowledge and self-expression. Needs are inevitable and their gratification is necessary for one's being.

On the other hand, *wants* are forms of needs that are shaped by the society and individual personality. For example, one person residing in a city wants only *chapati/roti* (دروغی) for fulfilment of his hunger, on the other hand a person living in another city may find rice to be a good enough alternate for fulfilment of the same need. The gratification of 'wants' is based on the likeness of an individual. The unfulfilled wants do not impact the well-being of an individual.

Needs cannot be created rather these are placed in us by The Maker Himself, these are part of us. We may never receive a promotional message, never view a billboard, never see any TV advertising but we would still feel hunger and thirst, need to travel and require shelter. However, the form that 'needs' take is called want; it is shaped by environment in most cases. For example, a youngster starts getting bored without playing a video game. Now which need is being fulfilled by the video games? Well, it is the need of entertainment/recreation however, by spending a lot of time on it, playing video games has become his want. A boy of the same age living in a different environment may require something else, perhaps a toy or some sports for the gratification of need of recreation.

Another example can be of iPhone. It fulfils the need of communication. The want in this case is the cell-phone. Mobile phones only came out in the 1970s but the need of 'communication' has existed since the dawn of humanity. It has been fulfilled in various forms such as letters, telegrams, landlines etc.

Marketers, hence spend a lot of time, effort and money in building their brands. They try to trigger unmet needs through promotion and attempt to shift those towards their products. Need for travelling can be fulfilled through local transport or even a cycle but for a billionaire a logical way might be to 'want' a sports car such as Lamborghini Aventador, a car with a V12 engine of 730hp (650cc), stylish exterior design and a

top speed of 350 km/hour. It is one of world's fastest cars but due to its whopping price tag of \$421,000 i.e. approximately Rs. 7 crore (as per Dollar conversion rate in 2020) one might be left with this question, is it wise to spend this much amount on a car? Ethical questions like these may haunt our conscious.


In most cases, understanding the concept of need and want helps the marketers to a great extent. However, exact definitions sometimes get blurred as these vary widely for users, while one person considers a product/service essential, another considers it a luxury and for a third person it might even be dangerous. Take a look at the example of any medicine, a patient would require it but a normal person could even die by taking that same table, for one it is a cure and for another a pain.


Hijama (حجامة) is a sunnah that protects one from lots of potential diseases and also helps cure various forms of illnesses. It is also a much better alternate to allopathic medicines that are filled with side effects. Traditional *jarrah* (جراح) Arabic word for surgeon who are trained in ancient *Unani* (Greek) medicine, also treat patients with even broken bones at lower costs and sometimes even more effectively. This can be as fulfilling same need of health, but with different wants.

Try explaining needs and wants for following products and also add one or two products of your own choice in table 1.2 and differentiate between the need and want:

Product	Need	Want	Want (substitute products)
Mobile	Communication	Mobile (Samsung, iPhone)	Telephone, tablet PC, laptop with SIM
Flavoured milk	Thirst / liquid	Flavoured milk (Nestle's Milo, Nurpur's)	Juices
Shoe	Safety for feet	Shoes (Bata, Stylo)	Slippers
Car			
(Any other product)			

➤ Table 1.2 Products, Needs and Wants



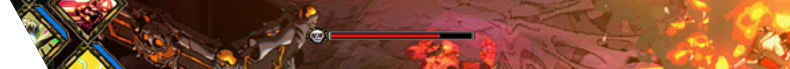
YouTube 

Ad:
Lamborghini
Aventador

Image by Jifi Rotrekl from Pixabay

Discovering Consumer Needs

Sometimes organizations have been successful in discovering needs or finding new ways of fulfilling those. Uber, a US based ridesharing transportation network company was created in



Sales of Computers in 2019 (in crore units)

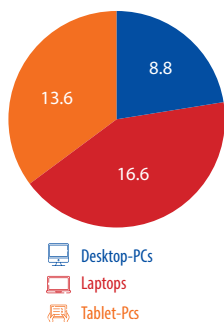


Figure: While IBM's research revealed that only 10-PCs a year might be sold, in 2019 forty-crore computers were sold.

Data Source: Statista.com⁹



*"What's in a name?
That which we call a
Rose. By any other
name would smell as
sweet."*

- Shakespeare (d. 2005)

British author, considered best
fiction writer of all time with
estimated 4 billion sales

March 2009, almost a decade ago. It has simply aimed at the basic need of travelling but used the rising technology by creating an app and linking people up. It has also given a platform to people to loan out their automobiles to assist the transportation industry. However, its business model is low-cost and as a result, it doesn't include protection for drivers or customers because of which it has become the table talk of protests and legal actions. Some critics have gone as far as saying that, it is as if it is not even viable for the company to be ethical⁸.

IBM had a research conducted about the need of 'personal computers' and the result showed that only 10 PCs per year maybe sold. Despite this, the company knew that once people will discover which tasks a PC performs, sales would be much higher. Today we can see how many computing systems are being sold. In 2019 more than 40 crore computers were sold (including desktop-PCs, tablet-PCs and laptops)⁹.

Product versus Brand

A product is anything that is offered in the market, hence an item or even a service that is capable of satisfying a need or want and people are willing to pay for it. Brand is a name or symbol that helps identify a product of a seller from another¹⁰. More details on both concepts are covered in chapter number four. Two key differences exist between products and brands:

- i) Products are general item categories e.g. shampoo, mobile-phone, car etc., while brands are names of specific products as owned by a certain company as Sunsilk, Oppo and Mercedes. Sometimes a brand name may be used for multiple different products too as is case with Nestle, Mitsubishi etc.
- ii) Products are not registered and hence any company may use a product name while brands are registered names that only the owning company may use. For example, any company can make soap but no company can name their soap Lifebuoy except Unilever (the owning company of Lifebuoy brand).

For many years, Rollerblade was the only company that offered inline skates hence many people used "Rollerblade" alternately with the term "inline skates". A celebrity once said, that she enjoyed rollerblading. Guess how rollerblade reacted to it. Was it good for the company?

While most people assume that it is very ideal for a brand to be used as a verb but in reality it is not favourable for a company. If customers start using a brand name as a general product category then this brand would lose its difference among other competing brands. In other words this brand won't have any worth. So, Rollerblade contacted the celebrity and requested not to use its name like a verb.

Examples of some brands that became products are escalators and yo-yo as these were both initially brand names but customers used these names for general products, as a result original companies failed to differentiate their products from others. Escalator is now used for 'moving electric stairs' of every company.

Similarly, Scotch tape and Post-it were trademarked by 3M (an American company known for its innovative products). PowerPoint is a slide-development software by Microsoft that is utilized to present¹¹.

Same is the case with Google; sometimes it is used by people as an alternate for a 'search engine' which is not beneficial for the company. As in the long-run any person using a search engine like Yahoo, Bing etc. if refers to search as Google then the brand won't have any uniqueness. Although currently Google has unrivaled market shares in the US and Europe however, in China, its own search engine Baidu leads¹².

Even in Pakistan we often refer to some brand names as product category. For example, Easyload is a name owned by Telenor, which introduced the idea of mobile balance transfer for the first time in country, but most people who are using other service providers as Mobilink or Ufone would also refer to Easyload despite the fact that these companies have separate brand names. Similarly, Surf is also used in Pakistan to refer to 'powdered detergent' although Surf is a brand owned by Unilever. Moreover, Pampers is a product of P&G but most people would use it interchangeably with any company's 'disposable diapers' which is actually the product. Even ChapStick that is registered by Pfizer is often used as general product category especially in Pakistan.

Marketing Myopia

The word myopia means short-sightedness. *Marketing myopia* is focusing on existing wants and losing sight of underlying needs. This term 'Marketing Myopia' was an article published in 1960 in HBR (Harvard Business Review) and is one of the



Escalator is one of those brands that lost its identity and became general product category.

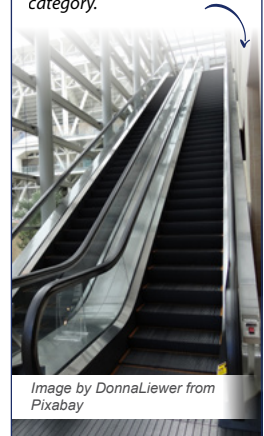

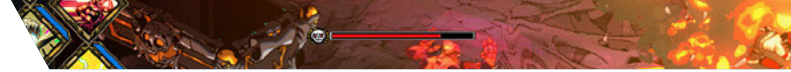


Image by DonnaLiewer from Pixabay

 **Marketing Myopia:**
Management's failure to recognize the scope of its business. The mistake by a company of paying more attention to its specific products, rather than focusing on the benefits and experiences provided by these products.



most read articles of this magazine. Marketing myopia refers to the failure of a company to recognize the scope of its business. Organizations which focus too much on products may fall victim to 'marketing myopia'. This happens because a company sometimes forgets that the product is only a tool to resolve a consumer problem.

Marketing Myopia- Take Away

"Customers don't buy products; they seek to acquire benefits". Example, they don't need petrol, they only want their vehicle moving.

For example, a tape recorder may have been considered an important product for all audio needs just a couple of decades ago. However, then came the digital era and within years it replaced the tape recorder with better options that were more efficient and convenient for consumers. Another example is of the railway industries which assumed that customer need is railway, the reality however is that the need is travelling of passengers and transportation of goods, which is why better bus services and aeroplanes have rapidly replaced railway services.



Railway businesses assumed that they are providing 'railway' service hence are not replaceable, not realizing that they fulfill need of travelling, so eventually were replaced by better bus services and air travel.

Photo by Aqib Touheed on Unsplash

Xtreme

Products are not Needs

Products only help in fulfilling needs. Although terms need and want are often used interchangeably by marketers as well as by non-marketers, however note that there is a

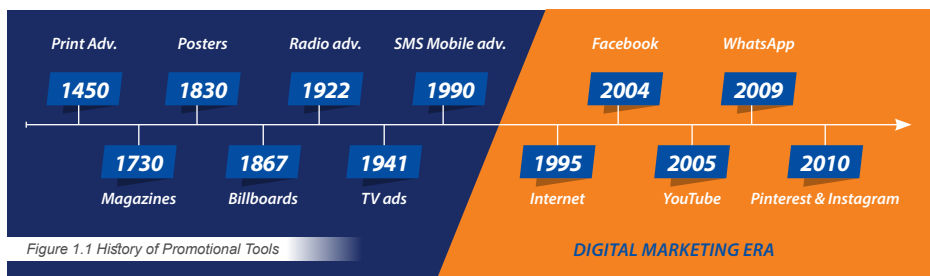
difference. A layman may say that mobile is a need, air-conditioner is a need or UPS has become a need due to load-shedding in Pakistan. However, a marketer knows that products are not needs, rather products fulfil certain needs. There may be other better products or alternate methods for satisfaction of the same needs. For example, a mobile phone fulfils the main need of communication. Hence, the need is communication and the want is a mobile. There was a time when mobile was not invented but the need of communication was still in existence, people used post-mails and messages sent through horses and pigeons. Similarly, in future something else might replace mobile-phones although it might appear difficult to comprehend by most people. An example of this is demonstrated in a video game Horizon Zero Dawn, released in February 2017 becoming second best-selling video game on PS4. It is set in post-apocalyptic future in 30th century. Interestingly since it is set a thousand years later, so it refers to people of 21st century as “Ancient Ones”, a term we may never have thought for ourselves. It also shows that by 2050s and 60s people started using ‘focus’ a triangular object that is directly placed on ear (much like a blue-tooth earpiece), opens a 3D interface that is only visible to the user. It is used to control machines/robots as well as to communicate with each other... an alternate to mobile phones!?



Marketing Philosophy

Historical evolution: Marketing can be considered as old as products themselves. People selling any item have been trying in one way or another to promote it. However, print

advertising seems to have started in 1450s, then magazines came in 1730s, posters in 1830s, billboards in 1867, radio advertising in 1922, TV ads in 1941, mobile advertising in 1970s and finally the arrival of internet in 1995 brought companies to promote businesses via the internet¹³. This grew into SEO, blogging, online videos, social media, all of the online promotion is now called digital marketing.



Every company wants to design a strategy that would win it customers and help in gaining profitability but the question then is that what approach or philosophy would help achieve these objectives? There is often an argument and disagreement within a company about whether efficiency in production should be the priority or is product quality most important or should selling effort be preferred? Questions like these bring conflict even among CEO and the team or between different departments. Over a period of decades, there has been an evolution of this philosophy. There are different mindsets that an organization's top management may have and historically can broadly be covered under following headings:



Production Concept:

An organization's emphasis on production, thus valuing activities that favour production or operational efficiency.

Production Concept

It is the oldest concept and was mainly practiced from 1840-1930 CE. It has roots in the Industrial Revolution and hence it emphasizes on 'operational efficiency'. It states that customers will favour products that are available and inexpensive. For example, computer and mobile-phone industries in the 1990s showed production emphasis as companies were trying to bring costs down and produce more. Similarly, when Ford was launched it had low price because of production efficiency. It was available only in black because Henry Ford said that having different colours would make it difficult to keep the operations fast and smooth and hence costs would go up. Some products such as straws and even in poultry

(sadly), the production concept is still practiced as quality isn't considered and instead quantity is the focus.



Image by skeeze from Pixabay.



Production concept emphasizes 'operational efficiency' as the focus is on quantity instead of quality. It is still practiced in poultry industry.

Product Concept

It was mostly common from 1920-1960s and emphasizes on better (quality or feature wise) products, but such a mind-set assumes that all consumers definitely need the improved product and hence it often results in marketing myopia. For example, a mousetrap manufacturing company claimed that if you make the best product, the world will come to you. Although it is true that a quality product is important but people do not need a mouse-trap. Recall that products are not needs. What people need is mice-free home so if any alternate item such as spray would fulfil the same need no one would like to buy a quality mousetrap.



Product Concept:

The idea that customers will favour products that have high quality, features & performance and hence organization must channel its energy in continuous product improvements.

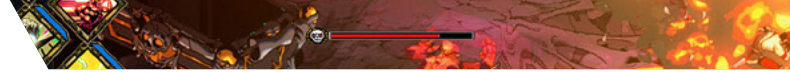
Sales/Selling Concept

Some companies which failed to sell their products because of product orientation resolved to the selling concept. It means that organizations have to channel their energies towards selling. It is backed by a mind-set that most people would resist buying nonessential items but if the sales team tries to persuade them then they may buy these. It was common during the 1930s-1960s but even today it is often found relevant in products which customers don't normally think of. For example, car tracking or insurance companies still rely heavily on sales force.



Sales Concept:

The idea that consumers will not buy enough of the firm's products unless the firm undertakes a large-scale selling and promotion effort.



Marketing

Concept: A philosophy in which achieving organizational goals depends on knowing the needs and wants of target markets and creating products accordingly.

Marketing Concept

It began in the 1960s and says that instead of making products organizations must first know the customer's needs and then create products that would satisfy those needs. For example, Tapal Danedar was launched in Pakistan after realizing that people prefer strong tea, hence accordingly special grain (raw material) was imported to meet people's need. Result is that it is a brand larger than any other tea provider in the whole country.



Tapal brought what customer's wanted, a strong tasting tea. As a result it is now the leading tea brand of Pakistan. Image reprinted with permission of Tapal.



Image reprinted with permission of Tapal.



Relationship

Marketing: Marketing efforts designed to create and maintain loyalty among existing customers by focusing on 'retaining' existing customers instead of 'acquiring' new ones.

Relationship Marketing Concept

It emphasizes in developing long-term, value-added relationships over time with customers and suppliers. It started in the 1990s and is continuously growing in importance. It is known that acquiring a new customer is six times more expensive than retaining¹⁴. Key difference between 'marketing concept' and 'relationship marketing' is that marketing concept emphasizes on 'gaining' customers while relationship marketing stresses on 'retaining' customers.



Customer

Relationship Management (CRM): Managing detailed information about individual customers (usually through technology) and delivering superior customer value

Customer Relationship Management (CRM): CRM is usage of customer information to develop customer relationships. It is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction by incorporating technology i.e. using a software for building and managing customer databases for the purpose of reaching out to them personally and interacting with them. Hence, a CRM system has detailed information about individual customers through which it is possible to manage customer touch points in order to maximize customer loyalty.

This concept came in early 2000s and its purpose is to organize data about customers that is stored in data warehouses (companywide electronic database of customer info). CRM has costs and benefits. Various industries including food and travelling keep record of their customers and as a result upon second call by same person they would know all the information that customer had provided in first call. This makes time-saving and better customer service very convenient.

Marketing Philosophy	Era	Explanation
Production Concept	Mainly in 1840-1930s	An organization's emphasis on production, thus valuing activities that favour production or operational efficiency.
Product Concept	Mainly in 1920-1960's	The idea that customers will favour products that have high quality, features & performance and hence organization must channel its energy in continuous product improvements.
Sales/selling concept	Mainly in 1930's-1960	The idea that consumers will not buy enough of the firm's products unless the firm undertakes a large-scale selling and promotion effort.
Marketing concept	Began in 1960s	A philosophy in which achieving organizational goals depends on knowing the needs and wants of target markets and creating products accordingly.
Relationship marketing concept	It started in 1990s	Marketing efforts designed to create and maintain loyalty among existing customers and focuses on retaining rather than acquiring.

➤ Table 1.3 Marketing Philosophies

CONCEPT TEST

Link each statement with relevant type of marketing philosophy

- Marketing is tough: customers only buy what they are sold and that is marketer's job.
- We understand operations well, so we decide how to develop, marketers should get these to customers.
- We must focus more on retaining the existing customers
- Our products are of highest quality and standards because that is where our energies and efforts are exerted.
- Marketing and production teams are discussing customer attitudes and preferences relating to our products.

- Production orientation
- Product orientation
- Sales/selling orientation
- Marketing orientation
- Relationship marketing orientation

Your answers:

- i. _____ ii. _____ iii. _____
- iv. _____ v. _____

Scope of Marketing

Organizations, Persons, Places and Ideas



Scope of Marketing:

Marketing concepts are not only for products but also applicable on services, ideas, organizations, people and places.

What is marketed? Marketing maybe done for products or services as well as for places, people and ideas. The *scope of marketing* is almost limitless. Everything is marketable. Hence marketing knowledge maybe used for:

- Physical goods: Cars, clothes, electronics etc.
- Services: Saloon, bus/rickshaw, hospital.
- Ideas: Road safety, ethics, social marketing (to improve society). Example, keep your city clean, smoking is dangerous to health, World Hijab Day etc.
- People: Politicians promoted so aggressively by their supporters.
- Places: Dubai, Lahore etc.



Tourism brands are selling places. Travel Inc. shares its slogan, 'Let's explore the world together! Now.'



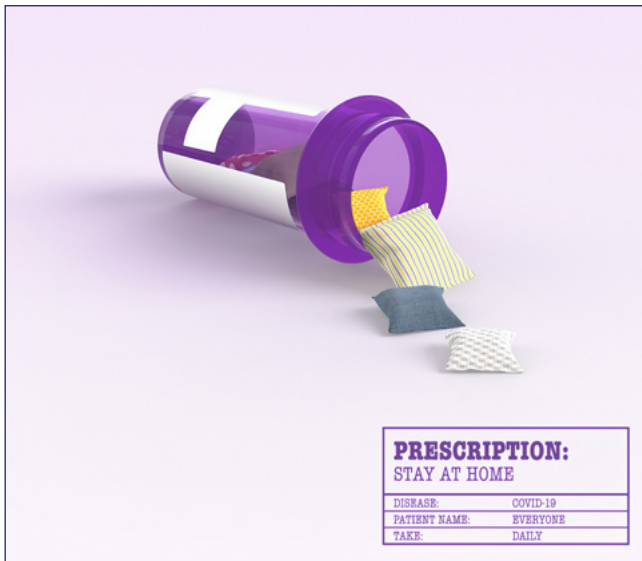
Travel Inc. Reprinted with permission.



An example of selling ideas. World Hijab Day held on 1st Feb is one such event where many non-Muslim women also cover up for a day to show solidarity with Muslims.



World Hijab Day. Reprinted with permission.



United Nations response to COVID-19, emphasizing cleanliness and staying at home. All of this is selling/marketing an idea.

- Experiences: Yoga, judo, travel.
- Organizations: P&G, Nestle or Not-for-profit organizations etc.

Marketing concepts are now utilized by a large number of not-for-profit organizations too. Some companies focus on green environment, some emphasize care for humanity, others talk about family values and time, yet some promote book reading.

Marketing – Good or Evil?

There are both extremes that are said about marketing. Some say it provides benefits to the society by fulfilling continuously evolving needs and wants. For instance, a sugar-patient or a health-conscious individual desiring a sugar-free ice-cream, someone planning to visit another city, a child willing to play with puzzles then there are organizations and brands that will fulfil these needs by a diet ice-cream, intercity bus service and puzzle manufacturer. More recently, as technology evolved rapidly, a search engine allows us to find almost any and every piece of information instantaneously. This was difficult before birth of these search engines as Google, Yahoo, Bing etc. Moreover, Skype allows for free video calls that have reshaped businesses and interaction with relatives and friends across borders. WhatsApp and imo have made IM (Instant Messaging) cheaper and convenient. Facebook is allowing the world to connect and share and even in finding old friends, colleagues and acquaintances. Apple's and Samsung's innovative products such as touch-screen cellphones and tablets brought changes in people's lifestyles. HomeShopping and Daraz allow to search, browse, select and purchase a product from the comfort of home with a few clicks or touches. Also, Instagram allows brands to promote their products via paid promotions. In conclusion, all of this has made life much easier and for the greater good of society.

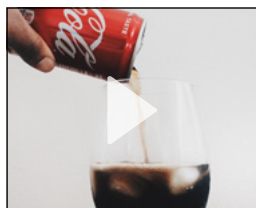


Criticism on

Marketing: There are many problems created by different companies including deception, unnecessary advertising, risking consumer privacy, spreading materialism etc.

Criticism on Marketing

It is arguable as to how intense the positive role of marketing is, but on the other end there are some major *criticisms on marketing* too. Marketing does not only fulfil needs instead it also creates unnecessary wants, result is increase in materialism as marketers inculcate love of products and brands. As a consequence, people are becoming more eager to make money, earn and hence to purchase such goods resulting in increased debts, even in developed countries as US and UK where consumer credit levels are rising. Overall result is the loss of family values, ethical values, moral values and even crime rates is soaring all across the globe.



Soft drinks and health

Watch this BBC interview of President of Coca-Cola, Europe.

Photo by Leighann Blackwood on Unsplash

Health Hazards of Soft Drinks and Fast Foods

A number of leading brands belong to soft-drinks and fast-foods. There are however, several health hazards associated with these eatables but the brands never educate their consumers about them. Research has discovered that soft drinks increase the risk of cancer¹⁵. Fast-foods are no exception either and many doctors strongly discourage; as a matter of fact many call it junk food.

Time Wasting Products

Time, the most precious human resource, that could've been spent in productive activities for benefit of others is now being replaced by products and brands from social networking sites to various digital entertainments as video games, anime, movies and 24/7 TV viewing most of which is time waste.

Unwanted Advertising

Advertising is everywhere; often annoying and/or misleading. How often do you receive a message, *apna Windows AC sale karein* (sale your windows-AC), or get admission in an academy or *ghar ki tanky ki safai kerwaein* (get your home's water tank washed)?

Environmental Waste

There are many unnecessary products resulting in unwanted production of items that is economic waste. Marketing promotes products which are harmful for consumers and/or environment. Plastic is used exclusively in packaging but is often thrown in oceans causing a rise in water-pollution. At times products are not up to the quality, for example, software often have bugs, clothes shrink etc.

HELPFUL TIPS

SMS Block

Tip for consumers

Various apps are available like this 'SMS, Block text' and it also gives you a summary of all blocked messages at 9pm. So, instead of being bothered all day, you just get one text showing all the unwanted promotional messages. Highly recommended.

Consumer Privacy Invasion

More information corporations have about consumers more customized products and services they are capable of providing. At the same time the entire data of consumers in the name of research is being gathered, result is that privacy and freedom of humanity is at stake. NSA (National Security Agency of USA) has authority to turn on camera of mobile-phone or laptop of any person in the world without their permission and record it and store it. Every single email being sent and every text that we receive and send is being stored in their servers (Source: TED Talk)¹⁷.

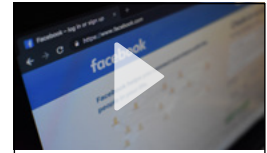
Materialism and More

Psychologists have found that a rise in consumption has increased dissatisfaction with life and people no longer feel happy and satisfied. As a result, marketing makes people materialistic and motivates them towards “things”. Some of the top brands promote products where physical beauty is emphasized over internal personality, kind-heartedness and appearance is projected to be more important than behaviour, dealings and character. Women are being objectified for selling of products in marketing and advertising campaigns especially for products that are not even used by females. Marketing rips the rich and exploits the poor who end up opting for considerable unneeded shopping. Prices are often high and controlled by large firms¹⁶ as most products and brands are owned by a very few corporations, meaning the entire money of world is being transferred to a handful of people.

Since, there are good and bad people everywhere in the world, same is the case with corporations. As they say guns don't kill, at the end of day there is a human being who pulls the trigger. These companies are also run by people, who are at times tempted to make more money at even the cost of others. Therefore, as human beings it is our responsibility to learn ethics, so as consumers we understand where brands are playing with our hedonic desires and especially as future marketers so we don't attempt to profit by causing harm to others.

Vision, Brands and Career

Having a broader vision is a very powerful force and people with bigger visions often accomplish feats untouched by others. A study conducted on Harvard's MBAs revealed



Why Privacy Matters?

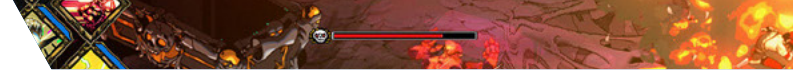
Watch this TED talk on privacy?

Photo by Leighann Blackwood on Unsplash

”

"A vision not worth dying for is not worth living for".

- Anonymous



striking results that those who had written goals accomplished and earned ten times more than those who didn't¹⁸.

Reading about great people assists in getting a bigger vision and provides motivation. Most of the biggest brands didn't gain success overnight as there are no short-cuts. Except for just a few technological brands most of the companies are decades old, some are even over a century old. Many of the brands that we know today are named after someone who worked hard and had a vision a long time ago. Have a look at the following for a brief detail of some people/brands:

Volkswagen (meaning 'people's car' in German) was founded in 1937 in Germany with support from Hitler. Now, the Volkswagen Group is world's largest automobile company, has over 655,000 employees¹⁹ and is world's 7th largest company by revenue of 282 billion US\$ of 2019. It owns several brands of cars including Volkswagen (obviously), **Bentley**, **Audi**, **Bugatti**, **Porsche** and **Lamborghini**.



Volkswagen Group is world's largest automobile company and owns several brands of cars including Bentley, Audi, Bugatti, Porsche and Lamborghini.



VW Image by Thomas H. from Pixabay



Image by Kahl Orr from Pixabay



Photo by Martin Katler on Unsplash



Image by Spencer Davis on Unsplash.



Photo by Thomas Haas on Unsplash

Tomas Bata founded **Bata** in 1894 at the age of 18 with his siblings; His grandson is now Chairman and company is world's largest footwear manufacturer and serves a million customers a day.

In 1920-30s foundations of a company were laid by Toyoda father and son that is today known as **Toyota** Motor Corporation. It employees over 360,000 people²¹, is world's 10th largest company by revenue (of \$275 billion in 2019) and is the first and only company making an incredible 12 million (1 crore 20 lac) units a year since 2012²².

John Cadbury started selling drinking chocolate in 1824 in England, two-decades later

Image by TK McLean from Pixabay



Cadbury Dairy Milk may be found in most retail outlets of Pakistan. Company was founded in UK by John Cadbury almost 200 years ago in 1824 CE.

he along with his brother formed a company named 'Cadbury Brothers'. The name **Cadbury** eventually grew and today it is world's second largest confectionary brand next to Mars²⁰.

Soichiro **Honda** was initially a mechanic who later on attended a few engineering classes and established a company that manufactured pistons for Toyota. Eventually his company was named **Honda** Motor Company that is world's largest manufacturer of motorcycles since 1959 and world's largest manufacturer of engines.

Photo by Eric Michael on Unsplash



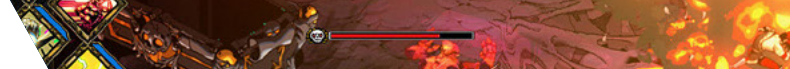
Soichiro Honda was once a mechanic who eventually made his own company and manufactured pistons for Toyota. Now, Honda is world's largest engine as well as motorcycle manufacturer.

Some Different Brands

Marketing concepts are not applicable to products and services alone rather to ideas, campaigns and individuals too. As a matter of fact every person's own name is a brand. The only question is how much of it you leverage. In reality the biggest and oldest brands are not of products rather of people, type of people who sacrificed their own desires for the greater good of humanity. For example, **Giving Pledge** is a campaign launched by Bill Gates and Warren Buffet encouraging billionaires to give at least half of their wealth to poor. **Khaleafa** is an effort to encourage people to fulfil the

"Vision without action is just a dream. Action without vision merely passes time. Vision with action can change the world."

- Thomas Bates



Excellence in Life

Want to know how to achieve excellence in life? Check the following article:

☞ <http://possibilitychange.com/excellence-in-life/>

1. Have a goal
2. Do what you are passionate about
3. Have a strategy
4. Study the successful
5. Overcommit your resources
6. Keep reading: Seth Godin purchases 400 books every year and reads even more
7. Work hard
8. Ask for feedback

responsibility of being human and think green, for the long-term survival of the planet by consuming lesser resources as water, purchasing fewer goods and so on.

Celestine Chua (born in 1984 in Singapore) being a Business Graduate (Marketing) was chosen by P&G from a pool of 1000 applicants in 2006 where she worked in brand development for 2-years and left the job saying that it was not the purpose of her life. Instead she wanted to help people achieve their full potential; she established her blog on '**Personal Excellence**' with zero capital, experience and knowledge. In mere 5-years she has received over 80 coverages on media, has written several articles, has counselled a number of organizations and individuals and is considered one of world's best coaches/trainers.

Imam Ghazali (505 Hijri / 1111 CE) more commonly called 'algalzel' in West is considered one of the 10 most influential figures of the last millennium. He started writing books at the mere age of 20; most of his books span several volumes and comprise of thousands of pages. Although he died at the age of 55 but his [brand] name didn't. In more than 900 years his works/books have influenced, touched and enhanced the life-styles of millions of people, bringing an improvement for both the *dunya* (world) as well as *akhirah* (hereafter).

Realize Your Potential

Every human being is capable of accomplishing great heights. It is only that effort, hard work and knowledge is required to achieve it. Just as companies become victim of myopia so do individuals and instead of having a long term vision they fall for short-term gains. So, shed this short-term approach as it is not healthy and dream big and strive for it. Remember, your own name is also a brand name, build it by first discovering yourself, then training and then striving hard for it.

People without vision and purpose are like a rogue planet wandering randomly in space, having no direction. Some people achieve great levels and manage to illuminate others just as the Sun enlightens and circulates several planets (and their respective moons) around it. Most scientists believe that at the centre of every galaxy lies a supermassive black hole that is arguably responsible for rotation of millions or even billions of stars around it. Very few people reach that stage at which they become responsible for rotation of other stars thus helping millions. Nevertheless, The Creator has placed potential in everyone.

Reasons Why People Fail in Life

- **Negative thinking:** Always be positive.
- **Unclear goals:** A study on Harvard graduates found that people who had written goals earned 10x those who had no goals
- **Fixed mindset:** Learn to adapt
- **Giving up:** Trust Allah
- **Lack of energy:** Health, fitness and passion are all required
- **Lack of awareness of own strengths and weaknesses**
- **Disorganized lifestyle**
- **No daily routine**
- **Running behind money**

☞ <http://listdose.com/top-10-reasons-why-people-fail-in-life/>

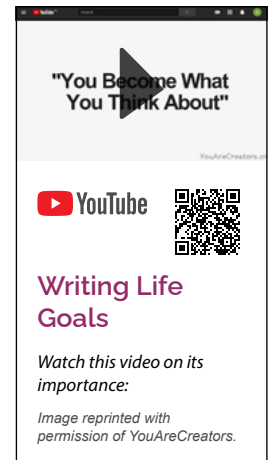
Brand building or career development does not have much to do with a degree. Some of top 100 brands have been initiated by entrepreneurs who never graduated such as Walt Disney, Michael **Dell**, Mark Zuckerberg (founder of **Facebook**), **Ralph Lauren**, Steve Jobs and Bill Gates. Also two of the greatest entrepreneurs in last couple of decades; Steve Jobs (co-founder of **Apple**) in a rare interview along with Bill Gates (founder of **Microsoft**) said that one main thing that is required for success (creating value) is 'passion' that will help you go through all the hard-work because of your love for it otherwise any normal person will not succeed. (Source: <https://www.youtube.com/watch?v=gxo2rGr7Yfg>)

Human thoughts are a very powerful tool but most people are unaware of it. Thoughts are like seeds, implant these and harvest the result eventually. So, be passionate and think what is it that you want to become. What is it that you aspire to be like? In an ideal situation if you do not have any pressure of earning money what is it that you would like to do for self-actualization? What do you like to read most about on blogs, books etc.? What do you like to talk-about or share the most? What is it that people praise you for?

Which activities make you lose track of time? It could be from education as report-writing or presentation, a creative activity as helping a colleague understand a concept (mentoring/teaching) or from house-hold chores as cooking, cleaning, organizing etc.

Discover Your Strengths and Weaknesses

Think of real-life minimum two incidents in past few months where you demonstrated a strength or weakness e.g. creativity, confidence, ability to take initiative, communication, writing-skills, curiosity to learn, wisdom, care/compassion, forgiveness/mercy, modesty/humbleness, encouragement, optimistic, religiousness/spirituality, bravery/courage etc.



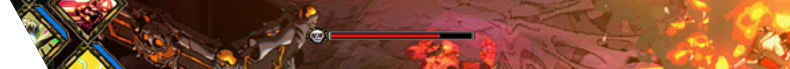
Browse Possible Career Paths

Teaching (training/mentoring)

This career path assists you in building human brands, in training next generation. A professor of Harvard once said that although I've been teaching for 30 years but even now my fresh students get higher salary than me, but this is the spirit of teaching that you sacrifice yourself for the good of others. This entire book has only been written because a number of other professors devoted their lives to teaching and writing. All of this knowledge wouldn't have reached us if they hadn't opted for this career.

Doctors (nutrition-sciences/physiotherapy/dentistry etc.)

To help people in pain, this too is one of the noblest professions much like teaching. Many universities offer degrees in fields of dentistry, nutrition sciences and physiotherapy as well.



As a matter of fact teaching and medicine are both such fields, in which only those people should join whose prime intention is solely helping others even if they are never paid. Ironically, nowadays both of these sectors (education and medicine) have become businesses and some people join these to become rich. This is a sad reality of this world which is why we keep hearing about various such cases of brutality that are not comprehensible by normal human minds.

Entrepreneurship (business/trade)

Trading is possibly the best way to earn as they say that in employment money is added but in business it multiplies. It is also said that trade has 9 parts of income (*rizq*) while only one part is in job. **Nike** doesn't own a single factory²³ as the company outsources shoe manufacturing and only concentrates on designing and 'marketing' of shoes. Similarly, you may try trading items from Pakistan which are quite good in quality such as leather industry (wallets, purses & belts) or sports goods or textile industry for garments etc. Nowadays it is easy to start a business utilizing free online resources.



"Build your own dreams, or someone else will hire you to build theirs."

- Farrah Gray

Employment

Employment should only be kept as either contingency plan or initially to gain experience; nothing to be inspired of though ironically even the best graduates from top universities dream of becoming employee of a multinational for their entire life.

Career Ideas for Females

Although the prime responsibility of women historically, as well as naturally has been child-birth, training of next generation and family management. However, if they do wish to contribute to the society then teaching and medicine are great career choices. Next can be opting for a business/ entrepreneurship especially relevant to feminine products. Example, Pakistan's first women only marketplace has been launched by the name of Sheops (<http://sheops.com/blog/about-us/>) in 2016. It also provides entrepreneurship opportunities for women.

SWEAT (www.sweat.com) is a worldwide community of female training, health and wellness, offering online services via their app, Facebook and website. Work-out is also a very important need that is often neglected nowadays and there are barely any female trainers in Pakistan, so even those females who do wish to join any fitness club can barely find

Bucket List - of a Muslimah

Ever made a list of things you may want to do in life. Here is a sample of 100.

<http://muslimahlifestyle.com/muslimahs-bucketlist-100-things-to-do-before-you-die/>

one. This is an entrepreneurial opportunity, a workout zone by females for females.

A large number of countries in world have now started offering females only ride services, where the drivers are also females. From Germany to Australian railways and now even in USA and Malaysia such brands are being born as 'Riding Pink'. Perhaps you may come up with a similar cab service for females in Pakistan, an Uber alternative.

Riding Pink. Reprinted with permission.

Sara Blakely (born 1971) is the world's youngest self-made female billionaire. She founded undergarments company **Spanx** without any advertising (assisted mainly by Word-Of-Mouth, packaging and via her personality). She was enlisted by Time 100 as one of the 100 most influential people in 2012²⁴. She is also first female billionaire to join Giving Pledge. Female garments tailors, designers and brands are almost always in high demand in Pakistan.

J.K. Rowling saw extreme poverty when she was a single mother and had nothing to eat, one of the poorest in modern Britain. She sent her novel to twelve publishing houses, all rejected it. Eventually, her first book **Harry Potter** was accepted she gained fame and became one of world's only five self-made female billionaire and also the first billionaire author²⁵.

Arfa Abdul Kareem was born in 1995 in a *chak* (village) near Faisalabad, at the age of 5 she saw computer for first time and requested her father for one. Her father bought it and seeing her quick learning he enrolled her in an institute. The institute soon afterwards recommended that she should take Microsoft Certification test. She passed the test at the age of 9, becoming world's youngest MCP (Microsoft Certified Professional). This caught attention of Bill Gates, co-founder of Microsoft and he invited her in Washington. She asked him about gender equality and why females are not given enough chances.



Upon her return to Pakistan she became an icon and was presented many awards as Pride of Performance Award, Salam Youth Pakistan Award and Fatima Jinnah Gold Medal by the Prime Minister. Microsoft invited her in 2006 in Spain as a speaker. She established a computer training institute for the underprivileged. She wanted to graduate from Harvard or MIT but at age of 16 in 2012 she passed away of a heart attack. After her death Lahore Tech. Park was renamed Arfa Software Technology Park. So, aim for something that is an inspiration for others. It is about knowledge and exposure, for which there should be more chances. This is why a female's education is even more important than a man's.

Princess and Work?

Why should I work when my prince is working for me :)

Marriage is a **workshop** where husband **works** and wife **shops** ❤️

So, see if any of similar ideas seem appealing or alternately try earning 'passive income' via blogging etc. This gives you a lot of free time. Besides the options given above another viable career path is choosing to be a 'princess' (ignore work) as females have not been created for this task by default as The God has freed women from any responsibility of earning²⁶ and has placed all expenses of food, clothing and residence of wives on their husbands. The main reason is that responsibilities of home are to be looked after by someone including the training of children and females are the only ones who can do it effectively. Many great men became great because their mothers taught them well. Females are half of society and raise the other half. That is why wise people often say that you educate a man and you have educated an individual but if you educate a woman you have educated a generation.

Besides, have you ever heard of a queen who would've made a CV? It doesn't suit her level. Females have been given the respect of a queen.

Plan of Action

Start doing something during your university days. Do not wait for a piece of paper called degree to help you earn. Although it may assist but primarily education is supposed to open your mind, to enlighten towards a higher cause. Try to find your career even before you get a degree. Try asking yourself question: 15-years later which option chosen today will satisfy me the most. Then start planning for it. You can go for any of the options or create a combination that suits you. Just make sure it is what you want. So, without wasting anytime create a solid plan of action for next 3 to 5 years. Build your brand.



"He who fails to plan is planning to fail."

- Churchill (d. 1965)

Former Prime Minister of UK and a Nobel Prize winner for literature.

Fuel for thought

Happiness isn't good for the economy?



Since some brands attempt to create artificial needs for example certain detergent brand encourages children to give up on cleanliness, just so they can sell more detergents. Read the following well written piece from a book in this regard "The world is increasingly designed to depress us. Happiness isn't very good for the economy. If we were happy with what we had, why would we need more? How do you sell an anti-ageing moisturizer? You make someone worry about ageing. How do you get people to vote for a political party? You make them worry about immigration. How do you get them

to buy insurance? By making them worry about everything. How do you get them to have plastic surgery? By highlighting their physical flaws. How do you get them to watch a TV show? By making them worry about missing out. How do you get them to buy a new smartphone? By making them feel like they are being left behind.

To be calm becomes a kind of revolutionary act. To be happy with your own non-upgraded existence. To be comfortable with our messy, human selves, would not be good for business." Source: page-128 "Reasons to Stay Alive" by Matt Haig

Chapter 1 **Epilogue**

KEY-TERMS



Marketing: Creating and capturing customer value. (p-27)

Marketing Mix - 4Ps: Product, Price, Place and Promotion- The controllable set of marketing activities/variables that a firm uses to respond to wants of its target market. (p-28)

Market (Target Market): Groups of potential customers to whom a firm decides to direct its marketing efforts. (p-28)

Customer-Value: A customer's difference between benefits he/she gets against the costs he/she pays (p-29)

Needs: State of felt deprivation. (p-32)

Wants: Forms of need as shaped by society and personality. (p-32)

Marketing Myopia: Management's failure to recognize the scope of its business. The mistake by a company of paying more attention to its specific products, rather than focusing on the benefits and experiences provided by these products. (p-35)

Production Concept: An organization's emphasis on production, thus valuing activities that favour production or operational efficiency. (p-38)

Product Concept: The idea that customers will favour products that have high quality, features & performance and hence organization must

channel its energy in continuous product improvements. (p-39)

Sales Concept: The idea that consumers will not buy enough of the firm's products unless the firm undertakes a large-scale selling and promotion effort. (p-39)

Marketing Concept: A philosophy in which achieving organizational goals depends on knowing the needs and wants of target markets and creating products accordingly. (p-40)

Relationship Marketing: Marketing efforts designed to create and maintain loyalty among existing customers by focusing on 'retaining' existing customers instead of 'acquiring' new ones. (p-40)

Customer Relationship Management (CRM): Managing detailed information about individual customers (usually through technology) and delivering superior customer value (p-40)

Scope of Marketing: Marketing concepts are not only for products but also applicable on services, ideas, organizations, people and places. (p-42)

Criticism on Marketing: There are many problems created by different companies including deception, unnecessary advertising, risking consumer privacy, spreading materialism etc. (p-44)



Scavenger Hunt Marketing

Marks: 10

Time: 90 Min

Q1. Twelve Bad Habits (article) ----- (4 marks)

HubSpot is a blog with 'Marketing' section and at it success tips and habits are often shared. Check this article <https://blog.hubspot.com/marketing/bad-habits-for-productivity> and dig the answers to the following questions (also think practically as a current student and future potential marketing manager how productive are you):

- What happens to the willpower as day passes? What lesson do we get from it?
- Nowadays many people perform poorly because of constant distraction of emails and social media, what suggestion has this author listed of her colleague Alec to avoid it?
- Can you be more productive while keeping a phone? Explain in light of 2015 research as referred in this article.
- What are your thoughts about Forest App?
- What is meant by Black Hole Browsing and how can it be avoided?

Q2. Interbrand's Top 100 Brands (website) ----- (2 marks)

Browse www.interbrand.com and its latest report on top 100 brands and answer the following:

- What are the top 10 brands? List in order along with their brand equities.
- Which brand is the top riser/growing? Compare its growth with any other brand, insert snapshot of the graph and elaborate it in one sentence.

Q3. Islamic Guidelines for Marketing (video) [1min. 54 sec. video] ----- (2 marks)

www.youtube.com/watch?v=nNS-axowC7s

The video provides four points that should be followed (avoid *riba*, provide *shariah* compliant products, avoid misleading advertising & avoid unethical practices in promotion). Elaborate each in 1 sentence.

Q4. What is a Brand? (video) [1min. 59 sec. video] ----- (2 marks)

www.youtube.com/watch?v=MJtgMovIKTU What is the best thing that you have learnt from watching this video? Explain it in your own words. Preferably insert a relevant picture in every question's response i.e. on each slide.

Slide Development

Develop slides using PowerPoint. Suggested format:

First Slide: Introduction of activity and presenter(s) name

Middle Slides (slide number 2 to 5/8): Each slide for one question (although for Q1 two or even three slides may be utilized)

Last Slide: Closing as 'Questions?' / 'Jazakumullah' / 'Thank You'

Optional (+1 bonus point): Share the best quote / learning you had from this activity on social media and insert a snapshot of it in your slides :)

Healthy Eating

Marks: 25

Approx. time required: 3 hours

Unhealthy eating is on rise and is causing increase in various diseases. Think of a food business idea that encourages people to eat organic or healthy.

Q1. Easy Eating Tips ----- (3 marks)

Browse the following link: and share 'easy eating tips' of any three foods (out of ten mentioned in this

article) of your preference. www.goodnet.org/articles/top-10-healthiest-foods-on-earth-how-to-eat-them

Q2. Eleven ways to Eat Clean ----- (3 marks)

What is meant by 'clean food' and share any three tips from this article (except for alcohol of course): www.healthline.com/nutrition/11-ways-to-eat-clean

Q3. Smoothies - The Healthiest Drink ----- (3 marks)

A smoothie is just a mixture of fruits and vegetables blended usually with yogurt. Share three good smoothie recipes, search from net and especially check this video: 12 Healthy Smoothies www.youtube.com/watch?v=YuDhblQtt2k [3 min.]

Q4. Natural Foods ----- (3 marks)

Find any three health articles from www.healthline.com/nutrition and share benefits of these. E.g.: www.healthline.com/nutrition/foods/lemons www.healthline.com/nutrition/foods/lamb

Q5. Social Entrepreneurial Venture ----- (8 marks)

Create a business with prime intention of helping people eat healthy food. Hence, it must be organic food, you can opt for vegetables, fruits, smoothies etc. Then design 'business model', target market's profile and 4Ps i.e. distribution plan, pricing, products and promotion.

Q6. Social Entrepreneurial Venture ----- (5 marks)

Create one 'print ad' showing benefits of healthy eating.

Submission Type: Chart. (Try to give space on chart equal to marks of each portion.)

Optional Create a smoothie for your family members.

Marketing Updates

Marks: 10

Approx. time required: 2 hours

Q1. Marketing Myopia (article) ----- (5 marks)

You are required to read about 'marketing myopia'. Complete article is lengthy but following link summarizes it. Read from it and/or any other source and share your understanding [250+ words] richardronmartinez16.wordpress.com/2010/09/12/summarized-report-on-marketing-myopia/

Q2. Aurora (article) ----- (5 marks)

Aurora is a Pakistani magazine that focuses on advertising and marketing, it is published by Dawn Group. Either summarize the article 'The Rise of the delatist-consumer' available at following link aurora.dawn.com/news/1141203/the-rise-of-the-deletist-consumer

OR any other article by browsing Aurora (<http://aurora.dawn.com/>). [250+ words]

Q3. (Optional) Marketing Land (website) -----

Browse <http://marketingland.com/> and choose any one article and summarize. [50+ words]

Note: You must provide direct website link of articles in reference.

Learning outcomes: Purpose of first article is to make participants aware of narrow-mindedness (myopic-ness) of most businesses. Secondly, to bring awareness of Pakistan's largest advertising magazine as well as to let them explore other latest articles on marketing.

Fundamentals

Marks: 10

Approx. time required: 2-3 hours

Q1. Marketing Philosophies ----- (6 marks)

Write in your own words what are 'marketing philosophies', explain each:

- Production concept
- Product concept
- Sales/Selling orientation
- Marketing orientation
- Relationship marketing orientation/concept

Give new or hypothetical examples of each, and elaborate. [50+ words each]

Q2. Definition of Marketing ----- (4 marks)

One of the shortest definitions of 'marketing' as given by Kotler is "meeting needs profitably". One given by AMA (American Marketing Association) is "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners, and society at large". Pick up two more definitions and underline keywords in them (quote references). Then create your own definition (use some of the keywords).

Learning outcomes: First question allows participants to explore marketing philosophies while second question encourages understanding marketing definition.

Consumer Privacy

Marks: 10

Approx. time required: 3 hours

Q1. Online Filter Bubble (video) ----- (4 marks)

Eli Pariser delivered a TED talk on "Beware of Online Filter Bubbles". Watch it at following link and summarize Eli's ideas about what brands like Google and Facebook are doing in terms of ethics? [250+ words]

www.ted.com/talks/eli_pariser_beware_online_filter_bubbles

Q2. Alternate Search Engines ----- (3 marks)

A US based group launched a search engine DuckDuckGo (www.duckduckgo.com) that is also gaining a lot of fame. Also, check www.islamsearch.org and/or www.halalgoogling.com. Try searching for any word on all three search engines, provide 'snapshots' of all three and share your experience and comments on it. [200+ words]

Q3. Seeking Privacy ----- (3 marks)

China has its own servers and its search engine 'BaiDu'. Similarly, many are taking steps to safeguard themselves. So, after going through the video on 'Filter Bubble' (and you may also check 'Why Privacy Matters') and knowing all this what do you think we should do as consumers? [150+ words]

(Optional) Why Privacy Matters? (video) -----

Watch Glenn Greenwald's talk "Why Privacy Matters" at following link and

- Pick any six difficult words from this video and write their meanings and use each in a sentence.
- Comment on the statement "He who does not move, does not notice his chains" and elaborate it clearly in light of what he said. [100+ words]

http://www.ted.com/talks/glenn_greenwald_why_privacy_matters?language=en

OR on Email Privacy http://www.ted.com/talks/andy_yen_think_your_email_s_private_think_again

Learning outcomes: Some top brands are risking privacy of world. This assignments sparks interest in how to avoid it. It also introduces to TED talks.

Reading

Marks: 10
Approx. time required: 3 hours

Book reading is like oxygen for a powerful mind and grows it to unprecedented heights.

- Browse books from your university's Library. You may also, check its online link such as <https://lrc.umt.edu.pk/> and pick at least four of your favourite books.
- Check ratings of these books on GoodReads (<https://www.goodreads.com/>) and Amazon.
- Visit the library and issue at least four books. One should be relevant to this course, one should be on self-development or improvement. Remaining two can be on any topic of your choice.
- Read at least 10 pages of each (preferably a chapter).

Develop slides. Take snapshot of Good Reads rating and also take pictures of book's cover and your favourite dialogue of it. Add pictures in your slides. Make two slides per book. It may be followed by a presentation or viva.

Profile

Marks: 10
Approx. time required: 60 minutes

Provide your basic information such as:.

- Name:** _____
- University Student ID #** _____
- Personal email address: _____
- Mobile # 03 _____
- Current residence (area): _____
- Total siblings (and your rank): _____
- Guardian's profession: _____
- Your reason(s) for joining this degree program (DPT, BSCS, MBA etc.)? [50+ words]
- Where do you see yourself in 5 years? [50+ words]
- What is your classes schedule and free slots? e.g. Mon & Thu: Principles of Marketing 9:30am to 11am / Research Methods from 12:30 to 2pm | Tue and Fri: Decision Making from 2 to 3:30pm | Wed: Off
- Picture:** Insert fresh face picture as mentioned in upper right box.
- Name-plate:** Print name-plate for each individual that must be brought in every class. It is better to have it made of plastic/steel although paper based name-plates are also acceptable. [insert snapshot of printed name-plate in the Word document before submission]

Picture

Note: Females should cover modestly.

Education Manners

Marks: 10
Approx. time required: 60 minutes

Note: If this section is to be done in group then first have a group discussion then allocate writing responsibility to each member. It must be mentioned clearly in 'table of contents' as well as start of question that this portion was written by 'whom'.

Q1. Seven Habits of Highly Effective People ----- (200+ words; 2.5 marks)

Watch this video summary: www.youtube.com/watch?v=ktITxC4QG8g [6min.]

- Explain what the first habit 'Be Proactive' means? [125+ words]
- Many students would blame the internet for their failure to submit assignment on time, some would arrive late in class and blame the traffic, how can students benefit from this knowledge? Elaborate [125+ words]

Q2. Class Room Etiquette ----- (200+ words; 2.5 marks)

Some participants chit-chat with each other and some leave the class after attendance, what should be their penalty and how to best avoid in future?



Q3. Plagiarism ----- (200+ words; 2.5 marks)

Watch this video 'Avoiding Plagiarism' www.youtube.com/watch?v=PzZsButRaHs [2min.]

AND/OR 'How Not To Plagiarize?' www.youtube.com/watch?v=0GWvY3Fji3Y [4min.]

- What is plagiarism and what can be consequences of it?
- Share tips of how to avoid plagiarism.

Q4. Mobile-phone and class-room ----- (200+ words; 2.5 marks)

Various researches have proven that participants not using cell-phones in classes have better academic results. France has banned mobile phone in schools, not just in class rooms but all across campus. Similar debates are going on in UK and many universities are also considering because of student's distractions from studying as well as for class discipline. What are your thoughts and what measures can be taken to stop participants from using it during classes?

Personal Brand Development

Marks: 20

Approx. time required: 6 hours

Instructions: Total assignment must not exceed 7-pages. Format properly and readjust pictures etc. to fit. Knowing your own self is very critical to your life. Moreover, every person's name is a brand. As a matter of fact a number of famous brands are named after a person e.g. Honda, Cadbury, Bata, Disney, Maria B., Versace, and Sana Safinaz etc. Similarly, everyone is a CEO of his/her own life. You should at least be able to manage your life well only then may you be able to assist others (in an organization or at home). Improved skills assist in performing the same tasks in more efficient and effective manner. In hiring every organization is looking at soft skills more than they are looking for job specific skills. Hence, developing these is more important than other skills. That is why this assignment is being allocated to assist you in discovering those.

Q1. Life Story ----- (4 marks)

Even if you apply for a scholarship such as Fulbright, they require you to write a 'personal statement' of around 700-750 words. This essay should explain in detail what made you "you"? What were the ups and downs in your life? Write a detailed version of your life. Who are you? What is your background history? Mention all important events that touched you (good and/or bad). [500+ words.]

Q2. Timeline ----- (4 marks)

Draw your own timeline and mention every important event in relevant year. Try to mention your future plans as well such as job/business, hajj and marriage etc. You may draw it in Excel.

Q3. Personality ----- (3 marks)

Take Myer-Briggs 16-personalities test at: www.16personalities.com/free-personality-test, provide a snapshot of result and give critical comments on its results i.e. how many things you agree and disagree with. [200+ words]

Q4. Strengths & Weaknesses ----- (2 marks)

Enlist 3 strengths and 3 of your weaknesses. Also, briefly explain each in one sentence.

Q5. Typing & IQ tests ----- (2 marks)

- Typing speed test: In foreseeable future it appears that typing is very important and people who have good typing speed manage to save hours every month. You must be very accurate as well otherwise high speed won't benefit you much. Try any of the following tests:

- play.typeracer.com
- <https://zty.pe>
- www.learninggamesforkids.com/keyboarding_games/keyboarding_games_typing_speed_test.html

If interested in learning how to type then check various free resources on net.

- IQ tests: Try at least two tests from following sources:

- <http://iqtest.com>
- <http://www.free-iqtest.net>

- iii) <http://www.iqtestexperts.com/iq-test/instructions.php>
 iv) <http://www.funeducation.com/Tests/IQTest/IQ-Testing-A.aspx>

Note: Scores of both 'typing speed' and 'IQ' tests are to be provided by taking a snapshot of it. Iqtest.com will send you an email too. Also, give some comments on IQ test, e.g. the type of question(s) that were easy for you and the type(s) that were difficult. [100+ words]

Q6. Time-spent & Skills ----- (3 marks)

- a. Hobbies: Share your hobbies and interests, what do you like to do during free time [100+ words]
 b. Pie-Chart: Mention how you spend an average 24 hours during your vacations as on semester break. Try covering things under broad heads as sleep/self, recreation/friends, career/financial, family, emotional/spiritual, knowledge/education etc.
 c. Radar (spider-web) Chart: Develop it for your skills with minimum seven dimensions and how you plan to expand it. [100+ words]

For assistance see: www.pryor.com/blog/creating-a-radar-chart-in-excel

Q7. Favourite Quotations ----- (1 marks)

Minimum three must be enlisted. Explain your most favourite quotation, why you like it?

Q8. Comments ----- (1 marks)

Write one to two paragraphs of what have you learnt from this assignment. What is it that you have discovered about yourself that you didn't know earlier on? Also what would you like to do in future about it? [75+ words]

Learning outcomes: Participants get a chance to self-analyse their personality, strengths and weaknesses, time-spent and skill sets.

Educational Videos

Marks: 10

Approx. time required: 2-3 hours

Q1. TED (Technology, Entertainment, Design) is an organization that shares ideas and helps spread those. It is nice to watch a video to expand your knowledge. Watch any TED talk of your interest www.ted.com/ and summarize it. [200+ words] (4 marks)

Q2. Self-Improvement Search for any self-development videos in area of your interest as taking responsibility, time management, setting goals, writing better and overcoming procrastination etc. Summarize any two videos and also provide their links [150+ words each] (3 marks each)

GMAT / GRE

Marks: 20

Approx. time required: 3-4 hours

Want to join one of top business schools? Most of those require a GMAT or GRE. Besides, several corporations also take a test on similar pattern. These are tests that gauge your ability to apply basic knowledge of English and Maths to solve complex problems within limited time. Its preparation consumes time. Usually 2 to 3 months are needed to gain a decent score. Prepare for it now. Check various different sources as:

Official GMAT site www.mba.com

Magoosh www.magoosh.com

Manhattan www.manhattanprep.com

Princeton Review www.princetonreview.com/business

Go for at least one mock test and prepare. Share a report of what you learnt. e.g. what type of questions you find easy? What is the pattern of test? Which source is convenient for you and why? For how much time you prepared and how much score improvement you observed. [1,200+ words write-up]

Bucket List

Marks: 10
Approx. time required: 2-3 hours

A bucket list is a wish list usually of more than 100 tasks that a person intends to do in life. There are lots of benefits of it such as you are forced to think what exactly you want in life. Then it makes you active, motivated to think bigger and pushes you to boundaries, allows to list down and cross off accomplishments, giving you a feeling of satisfaction. People who create written goals have much higher success rate in the world. Think of what is it that you wish to gain in life and list it down under different heads as:

- i. 'Personal (financial+intellectual)'
- ii. 'Spiritual/Religious'
- iii. 'Wish-List/Adventure/Entertainment'
- iv. 'For others/humanity'
- v. 'Physical/Health/Fitness'
- vi. 'Family/Friends'

Give each separate type a different colour. For inspiration and more ideas fill this one up: www.listchallenges.com/100-things-muslims-should-do-in-their-lifetime If you have interest of travelling then browse this: www.muslimtravelers.com/muslim-travel-bucketlist-inspiration-next-trip Finalize at least 50 (preferably 100 points), create on Excel sheet and get a print-out in A3. Share it on social media so you feel accountable. You can also create it on www.bucketlist.net etc.

Personal (financial+intellectual)

- 1 Buy a home of 1-kanal
- 2 Get a PhD degree in game design
- 3 Learn an animation software as Blender
- 4 Learn a gaming software as Unity / Unreal Engine 4
- 5 Learn basic programming
- 6 Learn art of humming/orchestra (non-instrumental music)
- 7 Read 100+ books every year
- 8 Deliver a lecture in Harvard/Oxford
- 9 Unplug for one month from technology (mobile & net)
- 10 Earn 10 crore rupees and invest for others benefits

Spiritual/Religious

- 1 Go for hajj
- 2 Learn basic Arabic
- 3 Read 5-tafaseer of Quran
- 4 Attend complete Ahadees Bukhari course
- 5 Assist scholars in writing updated tafseer
- 6 Make animation videos of religious books
- 7 Spend 10-days itekaf every year
- 8 Climb ghar-e-hira and saur
- 9 Be a source of someone's accepting Islam
- 10 Stay away from all Big sins (Al-kabair) for life

Wish-List/Adventure/Entertainment'

- 1 Visit Moon or be in space to experience zero gravity
- 2 Parachute jump
- 3 Visit Holy Places as Masjid-e-Aqsa in Falastin
- 4 Drive a sports car as Lamborghini
- 5 Visit Dubai and world's largest mall
- 6 Visit Japan and discuss religion, culture & entertainment
- 7 Visit dead sea and recall that immodesty brought this wrath
- 8 Watch South Africa's split of two oceans
- 9 Watch a volcano erupt & imagine The Day earth would be torn
- 10 Change hair colour to blue for a month

For others/humanity

- 1 Write a book on time mastery
- 2 Write a book on animation & game development (Islamically)
- 3 Build a production house for moral anime and games
- 4 Direct a Hollywood movie with moral lessons
- 5 Create an anime series with a Japanese studio with good story
- 6 Develop an RPG videogame on Islamic history
- 7 Mentor/Teach others to maximize their potential
- 8 Write a novel post-apocalyptic world during dajjal's era
- 9 Write and self-publish a book on history of time.
- 10 Give a TED talk on modesty and/or time-mastery

Physical/Health/Fitness

- 1 Learn archery and hit bulls-eye from 1-km
- 2 Become an expert swordsman
- 3 Become blackbelt and break ice-blocks
- 4 Exercise 20min. a day 4-days a week
- 5 Walk 10,000 steps (8-km) at least 4-days a week
- 6 Drink only water (no other drinks) for one week
- 7 Skate 10-km (or to office).
- 8 Cycle 50-km
- 9 Attend a 1-week fitness challenge in mountains
- 10 Get hijama (cupping therapy) twice a year

Family/Friends

- 1 Gift a car to dad
- 2 Give gifts as books to friends
- 3 Surprise by an unexpected gift or wish fulfillment
- 4 Help parents or sit with them for 1-hour+ everyday
- 5 Plan a family trip to Northern areas
- 6 Learn and cook delicious food for family
- 7 Help someone younger to become more pious

Life Goals

Marks: 10

Approx. time required: 2-3 hours

People who write their targets often end up accomplishing most of those and are far more successful than those who don't write or don't plan, as lack of planning is a plan of failure in itself. With this in mind watch this superb life changing video about power of thoughts in question-1:

Q1. Learn This and You'll Never be the Same (video) ----- (4 marks)

Watch the following video and share in your own words what are the key ideas in it. [200+ words]

<https://www.youtube.com/watch?v=9Zr1nKYN-Vg> [13min.]

Q2. Life Goals ----- (3 marks)

Create a 'goals' list for your life that you plan to accomplish by 2030. [Minimum 10-15 points/goals; 150+ words]

Q3. Sub-Vision ----- (3 marks)

Mention how you'll make effort to achieve each goal (as you shared in previous question) and expected status of accomplishment by 2025. [150+ words]

Sample Response (Type-1) for Q#2 & Q#3

Answer of Q2: Life Goals (example)

1. To purchase own plot/home of 1-Kanal in DHA
2. Earn Rs.50 lac
3. Save Rs. 25 lac
4. To get married and go for Hajj with family
5. Own a car by 2025 and a sports car by 2030
6. Opt for *itekaf* in *Masjid-e-Nabwi* ﷺ along with Umrah
7. Do Masters in _____ from top ranking university as _____
8. To become CEO of my company (business) as launch a software house / production house
9. Gain knowledge of *faraiz* and Quran by doing a part-time 4-year course from 2021-2025
10. Join martial arts classes and become black-belt in 3-years
11. Do work of dawah, have at least 50-100 people accept Islam
12. Read 100 books including 5-tafasir, 5-hadees elaborations, 5-personal improvement, 5-history books
13. Create own blog and write 2-books, one on self-development, second on family entertainment
14. Do social work as building a school/hospital/hostel for needy

Answer of Q3: Sub-Vision by year (example)

1. 2022 I plan to earn Rs.15k/month on part-time basis through free-lance sites as Fiverr.com.
2. 2023 I shall be making Rs.20k per month so I plan to buy a new mobile set for my father/mother.
3. 2024 I'll be free from degree so I'll concentrate full time on business to achieve over Rs.50k / month
4. 2025 I intend to reach Rs.70-80k and will also purchase my first car iA
5. 2026 I hope to six-digit earning (Rs.100k per month) and will go for Hajj with spouse iA. I may also start my Masters (as I'll be able to afford all fee myself iA) on part-time basis.

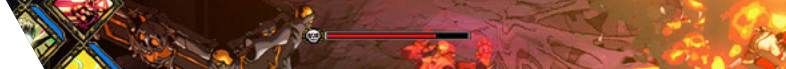
Sample Response (Type-2) for Q#2 & Q#3

Provide a detailed write-up [300+ words] while answering the following questions. You may write in paragraph form and/or alternately use a grid/table (a sample is given here).

What is your biggest accomplishment in life? What will be your biggest accomplishment 10 years later?

What is it that you might do in following areas?

Intellectual (Mind) / Knowledge: How many books to read in a year?



Emotional (Family/Social): How much time do I give to parents/siblings vs. friends? What shall be my responsibilities for my spouse and kids 25 and/or 10 years later? What shall I do for their development?

Spiritual/ Religious: Current knowledge level (Do I know how to recite Quran with tajweed? Do I have basic knowledge of *fiqh*?) and how to elevate it? How many books to read? How many courses/workshops do I intend to attend in next 1-3 years? When to go for *hajj/itekaf* etc.?

Physical/ Body: Health & energy (diet and exercise) A 30-minutes walk per day and average diet may suffice.

Financial (optional for females): How much money would be required 5-years later? When to start earning? When will I gift my parents a phone or a laptop from your saving? In which product category will I launch a brand that will hit top 100 lists in perhaps year 2060 (long after your death)? Where should I be 25 years down the road? What would I have accomplished intellectually, spiritually and emotionally?

Vision	Sub-vision 2025	Vision 2030 iA
Intellectual	e.g. - Completed Masters degree in (psychology, business etc.) from one of top 100 ranked university - To have read at least 20 books on personal development, and business - Completed workshops on Vision, Time Management and developed life goals document	- Have thorough grip on Quran and sunnah - Read over 1,000 books about both Islam and world - Authored a book on time management - Expert in Urdu, Arabic & English
Spiritual	e.g. - Attending 'Basics of Deen' (a one-year course) 3-days a week - Offer tahajjud at least once a week - Reciting Quran for 10 min. daily - Help parents in calculating and distributing yearly Zakat - Offer fasts every Mon & Thu - Invite others towards Allah for weekly talk/ workshop in masjid - Read at least 10 books on Islam (as 'tareekh-e-dawat-o-azeemat') and 1-tafseer	- Regularly delivers talks to bring others closer to Allah - Regularly offering tahajjud - Recites Quran 20-minutes every day - Once a year visit other countries to spread Allah's Deen - Spent at least 4 months in Africa for poverty - Read 50 books on Islam including 5-tafaseer - Written a book on Islam and modern issues
Health / Physical	- Attending martial arts / fitness centre 5-days a week - Cycling / skating on daily basis - Eating healthy diets and avoiding fast-foods and soft drinks	- Be black-belt and conducts martial arts / fitness classes for guiding next generation - Physically fit - Eat healthy diet
Emotional / Family	- Considered emotionally balanced, respect elders and guides/mentors youngsters - Teaches courses (Programming, business, aviation, commerce) in a university on part-time - Regularly spare at least 1-hour for parents and help mother in chores and father in discussing his business issues and assist in household maintenance	- In good terms with family, spouse is supportive in all areas of life and vice versa - Kids are gaining knowledge of both <i>deen</i> and <i>dunya</i> as one is becoming a Doctor and has done 3-year Quran course as well: other has completed Masters and became Hafiz too



Organic Restaurant

Marks: 10

Approx. time required: 2 hours

Launch a new restaurant and use your marketing knowledge to plan for it

- Choose a fascinating brand name for restaurant
- Select a tagline
- Create a brand logo
- Select PRODUCTS such as following dishes: One appetizer, 4 main courses, 2 desserts, 2 drinks.
- Set PRICES according to cost and services
- Select its PLACE; i.e. physical venue
- Develop PROMOTIONAL campaign including a brochure with description of each food so that it can be attractive for customers

NOTE: Food on menu should be healthy and organic.

Marketing Your Skills Online

Marks: 20

Approx. time required: 10+ hours

There are many online sites where people offer their skills and charge nominally for it to build their profiles. Check Fiverr (www.fiverr.com). Learn to make a Gig on it. Build a skill such as graphic designing and try selling online via Fiverr.

Digital Marketing Course Online

Marks: 20

Approx. time required: 2-3 hours

Watch first five videos on Digital Marketing course by Dr. Yasir Rashid available at following link: Share your understanding from each video of what do you understand and try to link with examples. [500+ words]
www.youtube.com/watch?v=WIONrBk4O0k&list=PLMZi1bHNqxtLieAjl_DN6MuBjU9Ew4yJb&index=8

Chapter-2

Segmenting, Targeting & Positioning

- 1 Segmenting
- 2 Targeting
- 3 Positioning

Learning Objectives

After reading this chapter you should be able to:

- Know the terms segmenting, targeting and positioning
- Understand all four types of segmentation
- Elaborate and create positioning map



Watch Lecture Video in Urdu (اردو)
https://youtu.be/nVwE_yeElgE [27min.]

Opening Scenario: A Case of

FMCGs (Fast Moving Consumer Goods)

William Procter was a candle maker and James Gamble a soap maker and together they formed Procter & Gamble (P&G) in 1837. About two centuries later, now the US based P&G is the world's largest consumer goods company that owns several brands like Oral-B, Head & Shoulders, Pantene, Safeguard, Olay, Crest, Ariel, Pampers and Gillette.

Lever Brothers was established in 1885 by William Lever and his brother James Lever through their father's grocery shop. Later on in 1929 it merged with another company Margarine Unie to become Unilever. Although both Lever brothers died in first quarter of 20th century but Unilever lives and touches the lives of countless people every day. How many of us know about Lux, Dove, Lipton, Knorr, Omo/Surf, Sunsilk, Rexona, Sunlight, Close-Up, Pond's, Clear, Lifebuoy and Wall's? All of these are owned by Unilever that is now world's third largest consumer-goods company and the largest ice-cream manufacturer. The ice-cream industry in Pakistan also has a lot of room for growth as some countries like Turkey has 2.6 litres per person per year consumption while Pakistan has only 0.4 litres.

Around 2010 Unilever Pakistan had a total of twenty-two brands but launched seven new brands in 2011. It then retained twenty-nine brands and still has those as of 2020. It searched for market gaps. For example, it had three shampoo brands in Pakistan; 'Clear' for anti-dandruff, 'Lifebuoy' shampoo for the lower-middle class and 'Sunsilk' for upper-middle class. The company then realized that there is a gap at upper end, so it launched Dove shampoo for them. Same case scenario was observed in soap category. It operated with just two brands Lifebuoy for the middle class and Lux for the upper class, then they realized a gap at very top end so launched Dove for it. On the other hand, Unilever had two brands for laundry detergents, Surf and Rin but it found a gap in the middle of market so launched 'Sunlight' for it. Thus companies identify such 'gaps' to launch their products.

Nestle the Swiss giant is world's largest food and beverages company with \$91 billion revenue in 2018¹. It partnered with Pakistan's

MilkPak in 1988 which is the industry leader in packaged milk². Similarly, PepsiCo, Inc. is a US based company with \$64 billion in revenue for 2018³ and owns Frito-Lays and Quaker Oats. Hence these are some of world's largest FMCG (Fast Moving Consumer Goods) companies that own most brands in this category.

Besides the presence of such multinationals there are a lot of Pakistani companies that have made their presence well known and have even gone global. In the spices sector for instance two leading companies are National Foods launched in 1970 and then Shan Foods founded in 1981. They had roughly 49% and 41% market shares in 2015 in Pakistan⁴ respectively. National Foods has expanded to 40 countries while Shan Foods in over 65.⁵

National Foods advertises by conducting various cooking programs such as 'aaj kya pakaein' and through its app called the National Made Easy recipe app. In this way, National Foods also targets the younger audience.

Hamdard was initially founded in Delhi, India in 1906 as a small shop by Hakim Hafiz Abdul Majeed. After the foundation of Pakistan the owner's son (a herbal medicine practitioner) Hakim Muhammad Said made a shop in Karachi. It is a successful enterprise in fields of health, education as well as social work. It offers diverse products including over 500 herbal items that are manufactured according to Unani (Greek) principles. Their star product is Rooh Afza, which is a sugar free beverage with natural flavors and herbs. Another herbal pharmaceutical company is Qarshi founded by Iqbal Ahmed Qarshi in 1968⁶. It has developed leading brands like Jame-shiri and Johar-Joshanda. Both the companies have also grown to form universities.

Gourmet was founded in Lahore in 1987 and has grown to become Pakistan's largest food

retail chain aimed at providing quality food. They have a diversified product portfolio which includes bakery items, sweets, carbonated soft drinks, ice creams, juices and water. Apart from that they also have a magazine called Gourmet Magazine and have launched pharmacies, furniture shops, and have even stepped into media with a news channel in 2018.



Image by Kamalakannan PM from Pixabay

In 'bread and spreads' product category Dawn is a well known local brand that started in 1981 in Karachi and captures about 35% of the bread market share across Pakistan⁷. Apart from offering bread Dawn also manufactures buns, cupcakes, rusk and dough products which include different kinds of parathas. A second company Young's Food started operating as a small food processing unit in 1988⁸. Mayonnaise was their first product launched. Currently they offer a number of spreads including chicken spread, olive spread, chocolate spread and dip sauces as well.

Pakistan is the second largest importer of tea in the world, just next to Russia and has one of the highest consumption at 1kg per capita. While various brands of tea are operating

in Pakistan, Tapal is market leader with 35% market share and 51 billion Rupees sales value in 2016. While 21% market share is captured by Unilever (Lipton)⁹. The tea brand Tapal was initially started by Adam Ali in 1947, then his grandson Aftab joined the company in 1977. Due to his efforts, Tapal reached new heights in next four decades. Currently, his daughter is looking after most operations.

Looking at the stated examples, we can observe how various factors contribute to the growth of FMCGs. At times launching different SKUs (Stock Keeping Units) that is different sizes of products are also helpful in growth. For instance, various tea pack sizes and Rs. 10 shampoo sachet. Another way to grow or cater to market needs is change of platform, for example, a soap can be sold in bar form or in liquid form as well. Moreover, media also assists brands in sales, Pakistan had only one channel in 1993 but now there are over 100 channels. The result is that people watch TV and are exposed to advertising as a result they want to buy these products and brands.



Photo by Ananthu Ganesh on Unsplash

Q1. Why would a company have multiple brands under the same product category as four different shampoos?

Q2. How do companies identify gaps in market?

Q3. What are the various ways by which companies select target customers?

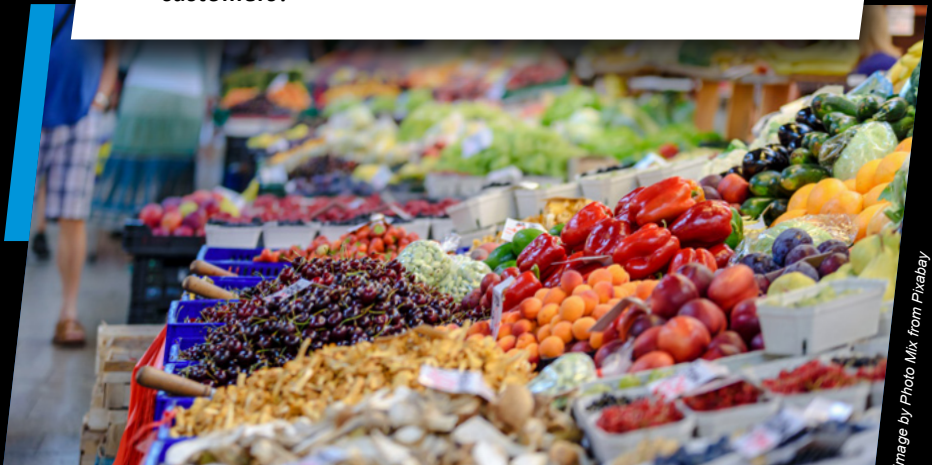


Image by Photo Mix from Pixabay

World population is estimated over 7.75 billion in Jan 2020¹⁰ out of which 2.6% lives in Pakistan. Humans have different backgrounds, different families and homes, even different life goals and interests. Even you and your best friend may shop at different outlets, play different sports and go for a different specializations at university. You may seek to fulfil the need of recreation by visiting Northern areas, but your friend may enjoy sitting at home and playing video games. Even in a product category people like different things, for example, a friend would passionately ask you if you've played the video game 'The Last of Us', and further insist, "if you play this game then you'll forget the rest". Upon playing you might not find anything to be enthusiastic about. Your reply could be simple, "I find Uncharted-4 to be a much better game". Now, the issue isn't that which game is better, but that humans have been created differently and hence their preferences vary accordingly.

Fun Fact - World population

Want to see world population increasing live?

www.worldometers.info/world-population/

Marketers prefer creating different products so they may cater to your interests as well as your friends. Marketers try to group people of similar interests for their own benefit. It has been observed that marketers who try to be all things for all people usually fail to give quality service to even a single group. A single brand cannot mean everything to everyone. That is why Unilever tries to provide each type of shampoo for each individual customer. For example, a person needs a shampoo for dry hair while another needs anti-dandruff and a third person just needs cleanliness. Some may require affordable price while others may require high-quality high-price shampoo.

This brings us to the concepts of segmenting, targeting and



Dove is launched for high-end segment.



Image by Akshay Bandre on Unsplash.



positioning that are covered in detail later in this chapter and summarized briefly here. Market **segmentation** is the division of a market into smaller groups that have relatively similar needs. Hence this market segment is a group of consumers who respond in a similar way to a given set of marketing efforts. So, company may then need one set of 4Ps to cater to this whole segment.

Once a company has made different segments, it then selects a few of those. This task is called **targeting** that is the process of evaluating each market segment's attractiveness and selecting one or more segments to enter.

Lastly, **positioning** is the arranging for a product to occupy a clear, distinctive and desirable place relative to competing products in the minds of the target consumer.

Segmenting

Segmentation is dividing potential customers into groups on the basis of 'common needs' and 'their expected similar response to a marketing action by company'. Benefit of segmentation is that it allows companies to define different needs and wants of potential customers and thus cater to those accordingly. It is not possible to target total population of the world using a single marketing mix (4Ps). Segmentation plays a critical role in the success of any company.

 **Segmentation:**
Making groups of potential buyers on basis of common needs and expectation that they will respond similarly to a marketing action.

There are four famous different types of segmentations. Table 2.1 lists all four broad types along with their specific variables.



Segmentation Types: Marketers use four broad categories as shown here.

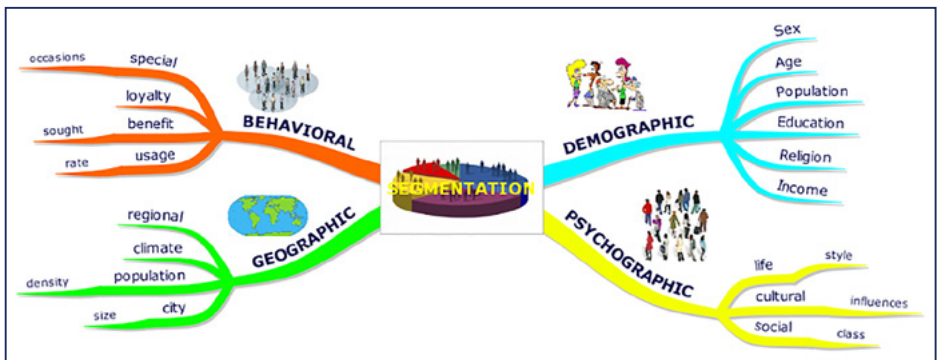


Image: Tarek Fahmy of BiggerPlate.

Segmentation Basis	Examples of possible segments
GEOGRAPHIC	Urban or rural; or population of city between 1 lac to 5 lac etc.
DEMOGRAPHIC	
Income	Perhaps below Rs.30k per month, between 31-60k, above 60k etc.
Age	Upto 3 years, 4-7 year old, 8-12, teen, 20-34, 35-50, 65 and over
Gender	Male, female etc.
Family Life Cycle	Child, young-single, married no children, etc.
Education	Uneducated, primary, <i>madrisa</i> , school/college going, university student etc.
PSYCHOGRAPHIC	
Personality	Introvert/extrovert, confident/shy, ambitious
Lifestyle	Activities (reading books, playing cricket/football); interests (martial arts, watching sports)
BEHAVIOURAL	
Occasion	Independence Day, Ramadan, Eid-ul-Azha etc.
Usage rate	Ex-user, non-user, heavy user
Benefit desired	Examples depend on product, laptop can be used for office, education, entertainment etc.

➤ Table 2.1 Segmentation Types

Geographic Segmentation

Creating groups of customers on the basis of their area of residence or geographic zone such as country or city is called *geographic segmentation*. Although this segmentation does not assume that all customers in one zone will make same purchase decisions but it provides a general pattern that is helpful to marketers. For example, many newspapers & magazines have multiple editions like Dawn has a separate edition for Lahore and Karachi. In these editions, half of the content about international news is same but it's main section titled 'metropolitan' is customized to local needs by providing news of the relevant city only.

Capcom released a video game series by the name of Biohazard in Japan, but called it 'Resident Evil' for international audience. To cater to a wider audience, the whole content of game was same except for language, i.e. it was in Japanese in Japan but in English Internationally and in French etc. too, thus providing a geographically customized product.

Climate is also often included in geographic segmentation as it influences people's choices and lifestyles. So, it also allows marketers to create different products for example, sweater and jackets are sold throughout the year in Northern areas



Geographic Segmentation: Dividing potential target market on basis of locations as region, cities or states.



but only during winters for a couple of months in Lahore or Multan.



Population of ten major cities of Pakistan is provided in Table 2.2¹¹. Pakistan's estimated 200 million (20 crore) population is the sixth highest in world. However, it is not spread evenly as one can find a lot of people in selected major cities for example, 1.5 crore in Karachi and 1.1 crore in Lahore, that is thirteen percent in two cities only. Nevertheless, population size alone does not mean companies should be opting accordingly only. There may be other variables. Multiple cities in same region may have similar lifestyle and hence a business may target them as a single type. For example, Karachi biryani (a dish made up of rice and mostly chicken) is different as it is spicier and has potato in it while biryani in Lahore has different composition and mildness in spices.

Many companies customize their advertising based on geography. For example, IKEA made its product catalogue with females but exact same product catalogue was launched in KSA without females, keeping the geographical and cultural differences in mind.

Major Cities	Census 2017
Karachi	1,49,10,000
Lahore	1,11,20,000
Faisalabad	32,00,000
Rawalpindi	20,90,000
Gujranwala	20,20,000
Peshawar	19,70,000
Multan	18,70,000
Hyderabad	17,30,000
Islamabad	10,10,000
Quetta	10,00,000

Table 2.2 Population of Major Cities of Pakistan

Demographic Segmentation

Demographic segmentation is dividing the market into groups based on variables such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, and nationality. The reason marketers choose demographic variables is that these are closely linked to the customer's needs and can be easily measured. This is also one of the reason that it is most widely used segmentation type.

Age differences bring several changes in a human being's interest. Lego has a standard block size targeted at kids above three years of age. However, since there is a fear that a child below the age of three might choke on it, so Lego launched



Demographic Segmentation: Making groups of potential customers on basis of factors such as gender, age, income, occupation, education, religion, ethnicity and life cycle.

larger blocks for under three year old. Similarly, cereals like Nestle's Koko Krunch and Milo are primarily targeted at children.

Pakistan has a very interesting age distribution dynamics with almost 60% population below the age of 30, thus it has a lot of youngsters. Distribution of population is available at Pakistan Economic Survey¹².

Another way marketers divide population on the basis of age is regarding their birth years. Based on this, the following groups have been made:

- **Silent Generation** (born between 1928 to 1945)

They entered this world by WW2, only 'lucky few' are alive and a blessing for they have seen a lot of history of last century.

- **Baby Boomers** (born between 1946 and 1964)

Those people who were born after Second World War had been targeted by a lot of companies in past several decades. Now they are part of old age trend.

- **Generation X** (born between 1965 and 1980)

Those who were born after the baby boomers for next 15 years, although various books/resources give different years of their exact era but roughly from 1965 to 1980.

- **Generation Y / Millennials** (born between 1981 and 1995)

This generation is also known as Millennial, most of these are children of baby boomers. They saw lots of technological development first hand such as spread of cable TV, rise of mobile phones and birth of internet.

- **Generation Z** (born between 1996 and 2010)

Majority of these became addicted with the usage of internet and social media since childhood.

- **Generation Alpha** (born between 2011 to 2025)

These are born and raised swiping phones and communicating with digital assistants, hence this generation is not just comfortable using technology but instead consider it to be an essential part of life.

One generation usually has similar lifestyle as they are born in a same era so some marketers try to customize their 'marketing mix' for them. Certain common effects are found. For example, many people of 'baby boomer' category are DIY (Do-It-Yourselfers). Video games especially the consoles started around generation-Y, so many of them adopted



Baby Boomers:

Generation born between 1946 and 1964.



Generation X:

Those who were born between 1965 and 1980.



Generation

Y (Millennials):

Population born between 1981 and 1995.



Generation Z:

Children born between 1996 and 2010.



Generation Alpha:

Those who are born from 2011 to 2025.



Generational Cohorts 2026 Estimate - Pak & USA

(population in crore; 10 million)

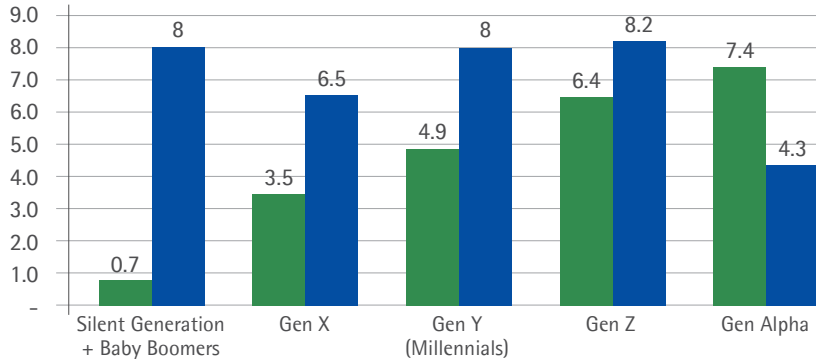


Figure 2.1 Pakistan's Generational Cohorts - 2026 Estimate (population in crore; 10 million). Source: Designed on the basis of Pakistan's population distribution percentage by Statista¹³ along with population size and projected growth rate of 2.1% by World Bank¹⁴. USA data as shared by Business Insider¹⁵.

these and had similar interests and topics of discussion. Generation-Z now is almost all about social media and mobile games. Generation Alpha is taking technology for granted.

Famous international marketing research company The Nielsen Company's research 2015 showed that older generations are heavier users of TV while the younger generations are mobile phone addicts whether they are at home or outside¹⁶.

Family Life-Cycle Stage

Family Life Cycle has multiple stages and typically a consumer moves from childhood, adulthood unmarried, married, married with kids, retired and finally one remaining spouse. Similarly a person's product preferences also change in different life-cycle stages. For example a bachelor might save money to purchase a video game console but the same person after marriage may forget what video games are and would be spending bulk on his spouse or family life. This spending pattern changes even further after kids, as most of the middle-class spends a chunk of their earning, savings and time on children's growth and education, while their free time on other activities such as entertainment declines.

Gender

There are major differences between the two genders, for example, men have a higher vision, emotional control, physical strength and intelligence while females excel in integrity, ability to multitask and compassion/care. Gender



Family Life Cycle:

Various stages of a family's existence.



Family life cycle influences one's purchases, an unmarried person has different lifestyle than someone married with kids.



Photo by M.T ElGassier on Unsplash

based segmentation has been used by companies mainly in clothing, accessories, cosmetics and magazines. Clothing is one of the first products where gender based segmentation has prevailed. Gender differences are even visible on the types of programs being watched on TV. This is mainly because men are often more inclined towards action movies, news channels, talk-shows and sports while females prefer watching dramas, beauty programs, reality competition shows and cooking channels. Although, more recently segregation lines between gender differences have started becoming blurred because of continuous fall in moral and ethical values, some men prefer to look like women and vice

Gender difference -
Interesting read - an HBR
article: Women and Vision
Thing
[hbr.org/2009/01/women-
and-the-vision-thing](http://hbr.org/2009/01/women-and-the-vision-thing)



Gender based segmentation
is very common in garments,
magazines and make-
up products because of
differences among men and
women.



Image by Lubov Lisitsa from Pixabay.

versa. While it was barely possible to think of cosmetics for men just a few years back but now even lipstick for men is being promoted^{17 18}.

Income

Income allows customers to purchase accordingly. Those with more income are able to afford luxury as well that is often out of reach for a normal person. A company may choose which income group it might be interested in. Broadly, speaking three segments are considered, called lower-class, middle-class and upper-class. However, many marketers divide these further to create sub-segments and products for them.

For example, Mercedes caters to upper class with very expensive cars, however, it has also launched C-class series for lower-upper class.

Many restaurants in Lahore like Lakhnavi at Avari and Cafe Aylanto that target an entirely different class of customers



Ad: Creative - Mercedes

YouTube page of Andreas
Bruns (Director of this ad)

[www.youtube.com/
watch?v=V2vHSuUJog](http://www.youtube.com/watch?v=V2vHSuUJog)

Image from Pexels from
Pixabay

due to their high-price food and thus exclusive dealing with affluent customers. On the other hand a vast population of Lahore would've tasted the low-priced breakfast at



Goga in Model Town. In mobile phones Samsung has price ranges from Rs.15,000 for A-series but Rs. 200,000 for their Galaxy Note 20 Plus and 3.5 lac for Galaxy Z Fold 2 that is targeted at upper-class.

Engel's Law: Ernst Engel was a German statistician who gave this theory in 1857¹⁹ that states when income rises:

- The percentage spent on food declines ↓
- The percentage spent on housing remains constant
- The percentage spent on savings increases ↑

For example, if a family is earning Rs.50,000, and are spending Rs.25,000 on food that is 50%. Now, if their income increases to Rs.1 lac, they are least likely to double their food budget to 50,000 instead they may increase it to around 30 to 33,000 while increasing their spending on other items such as luxuries or savings. Hence, spending on food goes down from 50% of income to around 30-33% of income. It also clarifies that households with low income spend heavily on food and other necessities.

It is also worth noting that usually in a population only about 13% people are earners and the remaining 87% rely on these earners for their needs. Hence, often companies target these earners.

For simplicity, the consumer income can be divided into three parts. First is gross income, the total salary that a person gets. Second is disposable income, some of which is spent on necessities. This leaves the third which is called the discretionary income.

Disposable income = Gross income - taxes

Hence, it is the disposable income that a person is actually able to spend after government has taken their share of taxes. In Pakistan taxes are very limited specially for lower income employees but in many developed nations these are easily around 40 to 50% of salaries. So, from this disposable income there is a certain amount that is spent on necessities such as basic food items. These necessities are often not reducible. Thus, after spending on necessities an individual is left with 'discretionary income'.

Discretionary income = Gross income - taxes - necessities

This is the part left for the consumer after paying taxes and living expenses. It is the section from which consumer spends on luxuries, entertainment, hobbies, jewellery, designer clothes, gifts or in other words all of the extras. Although the boundaries between discretionary and disposable also mix up sometimes as what is luxury to one may sometimes be a necessity to another.

Nevertheless, at the end of day broadly each consumer has limited **share of pocket** for a certain product category. This share of pocket of all consumers combined in a total population makes a net total from which each company offering the relevant product tries to get maximum share.

Let's take a look at the result of Household Economic Survey²⁰ of 2015-16 that divides Pakistan's population into five equal parts called quintiles, each consisting of 20% population. It gives an average household income and consumption in Pakistani Rupees per month as shown in Table 2.3.

Qty.	Avg. Income	Avg. Consumption
1	19742	18500
2	23826	22874
3	28020	26702
4	33668	31337
5	60451	52906

➤ Table 2.3 Average Household Income and Consumption (data from Household Economic Survey)

Education

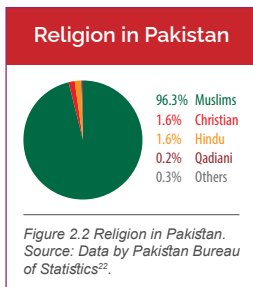
In Pakistan around 8% people have tertiary education i.e. who have some university degree. Universities target people from secondary school primarily for their undergraduate programs and 'bachelor degree' holders for their masters. Targeting and promoting to the illiterate who cannot read has to be done using personal communication.

Religion

Very few products are targeted on the basis of religion except for those that are meant for some form of supplication. China is not a Muslim country but several Chinese companies make various prayer mats (*jae-namaz*) and *Qibla* direction compass that are almost exclusively purchased by Muslims.

In Pakistan there are minorities constituting about 3.8% while 96.2% are Muslims²¹.

Following the 9/11 (September 11, 2001) incidence, US media blindly started portraying Muslims as terrorists in US. Two brothers of Pakistan origin were living in US and realized that there was



**Ad: 3D animated
promo - Buraaq**

Image credit: Buraaq is registered brand of SplitMoonArts. Reprinted with permission.

a requirement of Muslim superheroes. So, they launched comics 'Buraaq', named after Holy Prophet's ride/animal from *miraj* (معراج) incident, targeting non-Muslims to promote positive image of Islam.

Psychographic Segmentation

When a company segments its potential consumers on the basis of lifestyle, values or personality then it is called *psychographic segmentation*. Tapal a local tea brand of Pakistan promoted its brand Tezdam using the tagline 'lagae tha ker kae' (meaning 'it hits hard'). This shows the brand is targeting a very specific strong man image in villages of Pakistan.

Personality is a differing attribute for almost every human. Psychologists however have clipped people on basis of some broad similarities such as Big Five personality or Myers-Briggs 16 personalities. At times, marketers create products that reflect a specific attribute. A four-wheel drive car may represent toughness; a dress shows casualty or formality. Mountain Dew ads are targeted at the adventure-loving personality type. Its global campaigns are also always focused on this dimension and so is it in Pakistan.



Image Reprinted with permission of Tapal



Psychographic

Segmentation: Dividing a market on basis of lifestyle or personality.



Tapal Tezdam: 'lagae tha ker kae' (meaning 'it hits hard') is targeting a very specific strong man image/lifestyle in villages of Pakistan.

Behavioural Segmentation

Behavioural segmentation is done on the basis of what type of behaviour people have towards a product. If the behavioural segmentation is wisely done it can help the marketers get a strong idea about the benefits pursued by several consumer segments and hence make products accordingly. The behavioural segmentation is usually considered to be the trickiest out of the four bases. The reason behind it is that marketers might go through several deep researches to know about the consumer's response towards a certain product which is ultimately a time-taking and expensive activity.

It has further sub-types such as occasion, benefit, user status, usage-rate and loyalty.



Behavioural

Segmentation: Dividing a segment on basis of consumer's usage of product.

Occasion Segmentation: A number of people would purchase a product on special occasions only. A very typical example can be observed around Independence Day, small stalls of flags and similar items start appearing from the 1st of August. Many people who don't buy these products throughout the year do so during first two weeks of August. Quite similar is the case with major sports events like football and cricket world-cups. FIFA World Cup 2018 was viewed by 3.4 billion (almost half of world population)²³ with lots of advertising revenue being generated for the channels airing it. This happens because of this rare occasion and thus TVCs gain visibility and advertising rates soar. Occasion specific products are also sold higher.

Rooh Afza's Ramzan Mubarik²⁴ ad or Olper's display of a child wearing a cap and praying in Ramadan are also examples of occasion segments. Various brands provide discounted prices on special occasions as 'Eid', 'World Hijab Day' (1st February) and 'Independence Day'.



Many brands try to customize their promotion campaigns on various events as is especially observed in Muslim countries on occasions of Ramadan and Eid.



Image reprinted with permission of Hamdard.

Benefit Segmentation: People using the exact same product may seek different benefits from it. A cycle may be used for traveling, exercising, an uphill adventure or racing. Thus marketers try to create and position products according to these benefits.

Usage Rate – (Non-user, ex-user, light user, heavy user)

A company may target non-users using ads emphasizing 'give it a try once'. Occasional users can be targeted by encouraging more usage. Ex-users are often targeted in case of mobile phone service providers. For example, a Ufone ad saying if you've not used your SIM since January then recharge your balance now to earn extra minutes and SMS is a typical example of segmentation on user status basis.

Pareto rule or **80/20 rule** was originally developed to share about resources that 80% land is often in 20% hands. However, since then this rule is found relevant in many areas



80/20 Rule

(Pareto Rule): A concept that says that 80 percent of company's sales come from 20 percent customers. So, firm should focus more on those important 20 percent.



and especially in marketing as it has been observed that 20% heavy users are those customers that account for 80% sales of the company, while the remaining 80% customers contribute to only 20% revenue. So, it is important for marketers to cater more carefully to these heavy-users. Some companies do so by offering extra offers for such customers.

Loyalty Status (brand) – (no, little, high). Some people would be very loyal to a brand and may even advocate their favourite brand in their circle of friends. However, some people would simply buy whatever is on sale. Companies at times target their loyal customers to be used as brand ambassadors. These loyal customers are easier to retain.

CONCEPT TEST

Link each brand with relevant type of segmentation

Which type of segmentation is each of the following UHT milk brands of Engro Foods

- i. Owsum (flavoured milk for children)
- ii. Olwell (health conscious)
- iii. Tarang (for tea)
- iv. Omang (low price)

- a. Geographic segmentation
- b. Demographic segmentation
- c. Psychographic segmentation
- d. Behavioural segmentation

Your answers:

- i.
- ii.
- iii.
- iv.

Using Multiple Segmentation Bases

Every segmentation type has its own advantages and disadvantages. These may also vary from industry to industry and also on the basis of product types. Often marketers utilize a mixture of two different segmentations as well.

Geodemographic segmentation is quite common among different brands as information about both geography and demography is relatively easily available. For example, Lexus (a luxury car by Toyota) is targeted at the global elite, in other words geographically all globe but demographically only the elite-class. Similarly, IKEA (furniture brand) aims to target the middle and upper-middle class in several countries.



Photo by Steady Hand Co. on Unsplash

Large brands such as Coke and Sony sell in 200+ countries and thus they need to segment at an international level. Countries in same geography may vary in traits and behaviours. For example, in North America people of Canada and US have similarities but Mexico has a different lifestyle. International markets are also segmented on the basis of PEST (Political, Economic, Social/ Cultural and Technological) factors.

Application of Concept

1. Which segmentation variable is most important and why?
2. Since everyone drinks water, explain why you would or would not segment the “water” market if you were selling Qarshi’s “Springley” (bottled water)? **What if you were selling juice?**
3. The director of marketing for Gulshan-e-Iqbal Park came to know that there is a significant projected increase of senior citizens in theme parks for next 5-10 years. How might the company

respond to this demographic information? (Try to view the required changes in marketing mix)

4. Most airlines have frequent-flyer programs designed to appeal to heavy users of air travel and to generate increased brand loyalty. The rental car companies have begun to implement similar programs. Should retailers of apparel undertake similar frequent-buyer programs or are there other bases for segmenting and targeting that make more sense for apparel marketers?




Segmenting Business Markets


There are two broad types of companies based on their customers. **B2C** means Business to Consumer, meaning those companies that sell to end-users of product. While **B2B** means Business to Business that is a company which sells to another company. For example, aero-plane manufacturing companies sell to the aviation industry. An elevator manufacturer or industrial machinery makers are all seeking business clients.

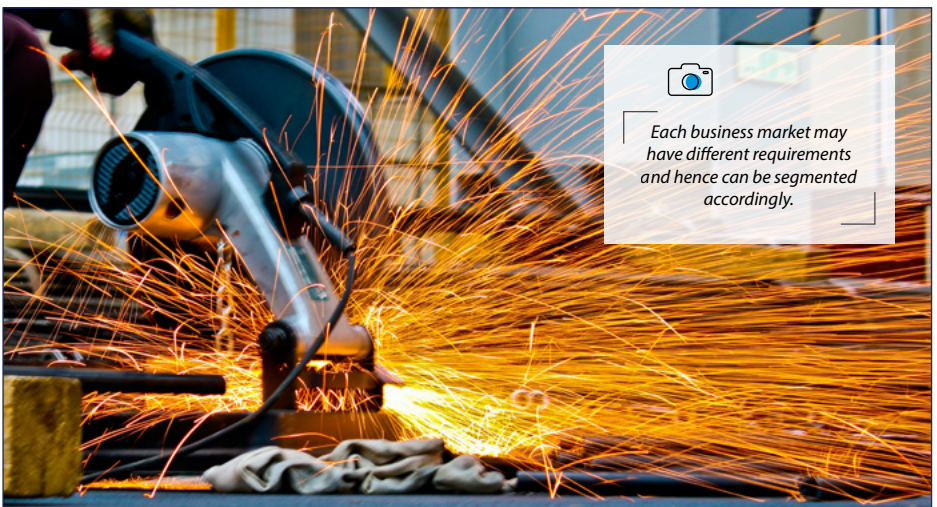
Regarding the segmentation just as a B2C company is interested in creating segments of customers so that it can conveniently and effectively promote its products to them, similarly, a B2B company wants to segment its business clients.

The types of segments in B2B are relatively different:

- Geographically: It is on the basis of geographic location. For example, many industries are located on Raiwind Road or in KotLakhput industrial zone in Lahor. So, a company may decide to sell to all factories at one of these zones, as it would be convenient for them to distribute to all of its clients in a single visit.
- Demographically (industry, company size): Industry type is another critical factor, as a company may target hospitals, education sector, textile factories, leather manufacturing plants etc. Similarly, size of a company may also be opted as one of the criteria, because some

—  **B2C (Business to Consumer):** Selling by businesses to end-users.

—  **B2B (Business to Business):** Selling by one business to another company that uses the products for profit generation.



Each business market may have different requirements and hence can be segmented accordingly.

Photo by Anamul Rezwan from Pexels

companies would have less than ten employees and hence will require few units so can only provide limited sales while others may have more than ten thousand employees and may be a source of millions in revenue.

- **Benefits sought:** Just as consumers seek benefits from products, similarly businesses are also at times looking for specifics. For example, one company requires quick-delivery upon order, another may seek after-sales support and third may require low-price. So, seller may offer according to its client's requirements.

These are just some of the more common types that are often used by companies but in reality many more factors also play their role. For example, various governmental organizations usually have long decision making processes in choosing which brands they might buy. Some companies have decentralized structures but in others all decisions would be made by the owner of company, called *seth* (boss) culture in Pakistan.

Requirements for Effective Segmentation

First of all a company has to ask if the total market even needs to be segmented or should they just target all of it. If they are planning to segment then the following variables must be considered or there may not be any benefit in segmenting.

A segment must be:

- **Measurable:** If a company cannot measure the size of a segment then it'll be difficult for them to cater to it. Demographic variables are mostly available but not every attribute can be easily measured. For example, a company planning to target overly large foot size may have an issue in knowing the total market size, thus it won't be possible for them to know how much of the products will they need to produce and how much might be sold.
- **Accessible:** It means to what extent it is possible for the company to reach its target market. Imagine a company targeting the homeless for inexpensive food, how exactly would they reach the target market. Try targeting left-handed people that are just about 10% of population²⁵, how exactly to reach them.
- **Substantial:** The target market of a segment must be large enough and have purchasing power. Otherwise, a company may not earn reasonable profit. If the efforts done by the marketer in manufacturing a product and then promoting it to a segment do not provide the company with enough sales then there won't be any point in creating such a segment.
- **Differentiable:** Customers of a segment must show clear differences in their requirements as opposed to other segments or groups. If all customers are seeking similar benefits then companies won't need to create a segment.
- **Actionable:** Organizations should be able to serve this segment well, such as it must have enough staff and resources. At times an overly large segment may be chosen but if a company is small and cannot serve them effectively then it is best not to go for it, because if products won't be delivered on time then it would actually hurt the brand name.

Targeting

Once different segments have been developed now it is the company's choice that how many of these segments they would like to *target*, based on its own resources or planning it may choose just one, or two or multiple segments. This process is called targeting or target market selection. A company such as Lenovo may choose to display its ad on ICC World Cup 2019 thus reaching millions with same TVC. On the other end of this continuum companies may go as far as making customized products for each individual customer, such a practice is common in garments and accessories.

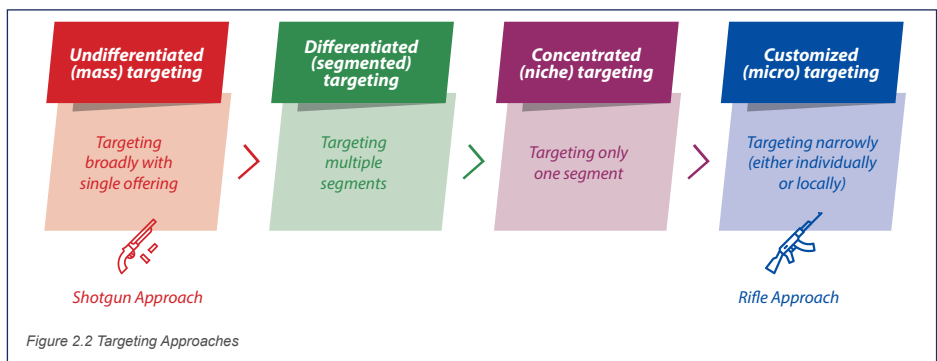
 **Targeting:** Group of potential customers towards which an organization directs its marketing program.

Fuel for Thought

"The target is not the market. That is, the apparent target of your marketing is not the same as the people who will actually buy your product. Even though Pepsi-Cola's target was the teenager, the market was everybody. The 50-year-old guy who wants to think he's 29 will drink the Pepsi."

From "22 Immutable Laws of Marketing" by Al Ries & Jack Trout

Many terms in marketing are borrowed from the army. Just as an army targets an enemy, marketers target a customer. The differences of targeting may be referred in terms of 'shot-gun' approach versus 'rifle' approach. A shot-gun has a spread effect so one marketing mix to reach several random customers, while a rifle can aim precisely to one target so one marketing mix targeted for one segment.





Undifferentiated (Mass) Targeting:
Targeting the whole market with one kind of offer.

Undifferentiated (Mass) Targeting

Undifferentiated targeting is when majority of people are targeted with a single offer. It focuses on the common needs of people rather than differences. This type of segmentation is mostly beneficial in products where differences cannot be created such as rice, salt and sugar. For most people sugar is sugar, so a retailer selling sugar will likely target the entire population with just this single product type. There are two major advantages of this strategy. One advantage is that it is low-cost for the company as they don't need to create multiple different products or promotions for it. Secondly, it

allows for efficiency too because of effective utilization of resources as inventory control and distribution also become convenient in single types of products. For example, gasoline providers (petrol, diesel, CNG) mostly target the whole population with same product, thus it is an example of undifferentiated marketing.



Products that cannot be differentiated such as salt, pulses, rice and gasoline are mostly used for mass marketing.



Photo by Deva Darshan on Unsplash.

Differentiated (Segmented) Targeting



Differentiated (Segmented) Targeting:
An approach to target several market segments and designing separate offers (marketing mix) for each.

Whenever marketers opt for several segments then it is called *differentiated or segmented targeting*. Various products have reasonable differences such as magazines, FMCGs & cars and hence can easily be targeted at different type of people. For example, P&G and Unilever have multiple different soaps and shampoos for different customer types. Toyota has a variety of different cars. Airlines provide business-class, first-class and economy class. A business class is often differentiated by more comfortable and spacious seats, better service and less wait in queue.

This segmentation type is costly because each segment requires a separate marketing mix. Creating a different

Photo by Dominika Roseclay from Pexels



Segmented targeting is common in products like magazines.

product or even just promotional campaign requires a lot of extra effort. If this cost is not exceeded by additional profits then it won't be wise to go for differentiated marketing.

Example, PTV (Pakistan Television) has launched multiple channels, each fulfilling different requirements as PTV Home (for local), PTV Sports (for sports lovers), PTV World (for international viewers), PTV National (containing programs for all four provinces), PTV Global (English language) and so on.

Concentrated (Niche) Targeting

Concentrated targeting is when a single (usually small) segment is picked that is often not targeted by other companies. If a company is opting for just one segment then it is possible to be more effective and efficient as the company has an opportunity to become expert in this segment. For example, luxury sports car manufacturers such as Koenigsegg target only the very affluent customer.



Concentrated (Niche) Targeting: A targeting strategy in which a company goes for a large share of one segment.

Image by skeeze from Pixabay



Luxury sports cars like Koenigsegg target a single and usually small segment.

Small companies with limited resources may also opt for one small segment because such segments have limited profit potential so are ignored by large companies.



Customized

(Micro) Targeting:
Implementing a different marketing mix for each individual or local market.



Tip - Be optimistic

A shoe seller went to a city and came disappointed saying that no one over there wears shoes, hence there is no market. Another marketer went and returned very happily saying that no one wears shoes meaning market size is full population.

Customized (Micro) Targeting

In some markets it is possible to customize a product to local or individual level and it may be worth the effort. Otherwise in general this type of targeting is the most expensive of all as tailoring the requirements to each customer results in obvious expenses. Nevertheless, customization in some products such as dresses and shoes is now being done by many brands.

Customization stems from the beginning of the civilization, a shoe or slippers would be made exactly according to a person's feet. For several centuries it was the practice, however in the eighteenth century after the industrial revolution came and mass production started. More recently the world appears to be moving towards customization again.

How much does a shoe cost? Well at Corio Footwear (a Lahore based brand) that provides customized handmade leather shoes the price starts from Rs. 4,000 and goes up to Rs. 50,000²⁶. This type of segmentation is also common in mugs and t-shirts especially while giving a gift. For example, Mug Art provides customization of various products including cushions, mugs and key-chains etc.²⁷



Credit: Corio Footwear's website. Reprinted with permission.



Credit: Mug Art's website. Reprinted with permission.

Corio Footwear offers hand-made shoes for each customer.



Mug Art provides customization for each individual order, such as printing of name on mugs, pillows and so on.

Cross is a writing instruments brand founded in 1846 in US, it allows customer to have their name engraved for an extra price of \$10 on some of its products.

Choosing a Targeting Strategy

Before selecting a segment a company must evaluate each market segment, know its size and current growth. If a segment is growing slowly then it may not be worth the effort for a brand. Company objectives and resources are also critical. Sometimes it is possible to differentiate the product to target different customers. However, not every product is modifiable so creating segments may not be a viable option. PLC (Product-Life Cycle) stages also influence a company's decision to target. PLC stages are to be covered in a later chapter.

Competitor's marketing strategy may also influence a firm's decision. For example, Sega was once a console manufacturer during the golden era of video games in 1980s. In 1999 it came with Sega Dreamcast that bypassed sales of Sony's PlayStation as well as Nintendo's N64. However, next year in 2000 Sony came with PlayStation-2 and Microsoft also jumped into video-gaming business with launch of its Xbox. After viewing the size of these companies Sega decided to quit console business altogether and stuck with only games (software) development.

CONCEPT TEST

1. Explain why Gourmet Cola sells so many different drink products, including Gourmet Cola Diet, Gourmet Lemon up, Gourmet Apple etc.
2. What is the type of targeting in following cars?
 - Ford (single colour, only type of car)
 - Honda
 - Customized car
 - Lamborghini



Image by WikimediaImages from Pixabay.



A company's targeting strategy may depend on a number of factors including its competition. Sega was once a famous video game console manufacturer in 1980s and even 90s but due to large competitors as Sony and Microsoft, it quit console industry and remained in game development only.

Besides, companies should always be careful about social responsibility such as promoting a product that is harmful for health such as tobacco or targeting kids with candies that are not made up of healthy ingredients, such cases are unfortunately quite common.



Positioning:

Developing an overall image for a product or brand to occupy a clear, distinctive and desirable in the mind of target market.

Positioning

Positioning is the place that the product occupies in consumers' minds on the basis of important attributes relative to competing products. Marketers should also understand their customers well so they can bring the required changes accordingly. These changes are sometimes physical (in the product itself) but sometimes these are only artificially created in mind of customer through massive advertising. An example of actual product changes can be observed in cars as



All cars serve prime need of transportation but each brand tries to position itself differently. Toyota Prius is a fuel-efficient hybrid.

Photo by Raivis Razgals on Unsplash



Suzuki is positioned on 'economy'. Volvo is another brand of cars although uncommon in Pakistan but its advertisements emphasizes 'safety'. Toyota Prius is a hybrid, hence is 'fuel-efficient'. Mercedes demonstrates 'luxury', BMW is in the same category and almost targets the same customer as does Mercedes but to differentiate itself it positions itself as better in 'performance' compared to the competition.

Nestle's Milk Pak focused on being 'khalis' (pure). Haleeb entered the market and used the word 'garha' (thick) so that customers consider it better. Nowadays they've repositioned themselves as 'Nutra Hygin' milk.



Nestle's Milk Pak focused on being 'khalis' (pure). Haleeb entered the market and used the word 'garha' (thick) so that customers consider it better. Nowadays they've repositioned themselves as 'Nutra Hygin' milk.



Haleeb. Image reprinted with permission



nutritious. Similarly, Olper's came up with being 'all purpose' milk²⁸ (inspiration for its name too). All of these procure their raw-material (milk) from same cattle and have similar processing plants but the created differences are only so that customer may differentiate their brand from others.

Another example in Pakistan is of cooking oils. There are various brands but each uses a unique positioning to be considered different from other brands in eyes of customers. Habib focuses on 'heart friendliness', Dalda aims at 'mother's love' and Tullo promotes 'healthy lifestyle'.

The human mind wants to simplify things. There are numerous products and brands that are used by a human every single day. So, the mind tries to remember a brand by associating it with just a word or so. That is why marketers bombard continuous advertisements as they try to 'hammer' that one word that customers would associate their brand with.

Product position is always as defined by consumers and not by company or manager or CEO. The company however may hope to have a certain position but will need to develop a promotion campaign and attempt to achieve it by continuously using the slogans and ads. Product must be able to deliver what the company is promising otherwise if the claim is fake then it won't take time for customers to realize it and the product might be out of market real soon. For example, sixty-one brands of ghees and oils were banned by Punjab Food Authority as these were found to be injurious to health²⁹.

Perceptual Positioning Map

Before a company decides to position its product in a certain way, it is beneficial to check the current positioning of other products in same product category. This should be done for the company's existing products and also for brands of other companies. This activity allows to identify those markets that may be underserved. Positioning cannot be done in isolation as consumers compare different brands with each other. For example, as shared in opening case that Unilever realized a gap of luxury soap in Pakistan, it launched Dove.

'*Perceptual positioning map*' is a tool in the shape of a simple graph that shows brands positioned on the basis of various attributes. Before it is drawn, data is to be gathered. Customers are asked about the most important attributes of a product and then to make judgments about various brands.



Positioning Map:
A diagram/graph of how customers view different brands on the basis of important characteristics.

Finally, these are then plotted on a two dimensional scale usually via some software. Each product has multiple characteristics, but only two most critical attributes may be selected or sometimes even more are also chosen. It helps to discover the existing position of a company's current brands as well as to find feasible positions that at present do not have any brand but consumers might be interested in.

A positioning map drawn here in Figure 2.3 shows various brands of cars positioned on two attributes. On y-axis is the price with low-price at bottom and high-price at top end. Along x-axis is engine power in cc.

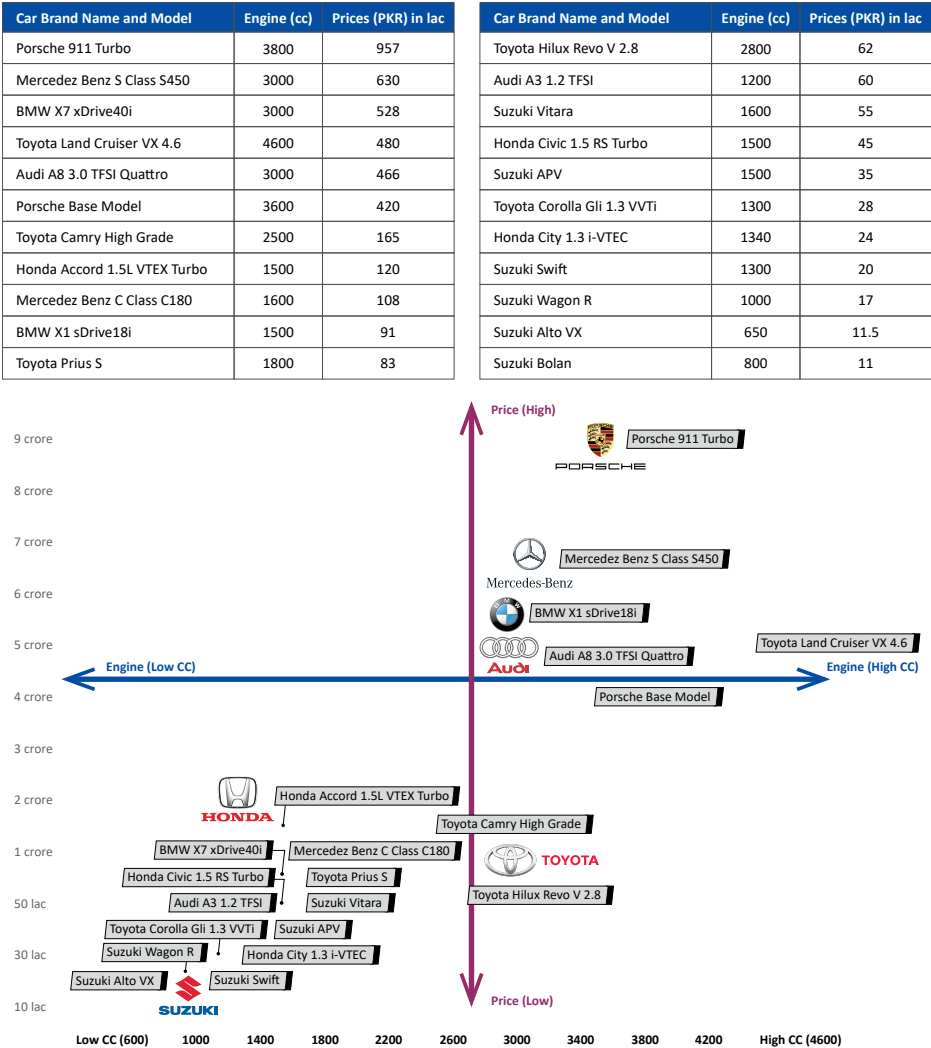


Figure 2.3 Positioning Map
Data picked from <https://www.pakwheels.com/new-cars/pricelist/>



Repositioning

Sometimes a company has to reposition a product that is to change the position in mind of potential buyers. It might be needed because of environmental factors such as changing customer taste or due to poor sales. It is often a bit difficult to reposition as a lot of investment has to be done in advertising. Positioning once established, usually goes a long way. Example, Nokia repositioned from a paper manufacturer to a mobile phone company³⁰.

Positioning Statement

Once a company has decided how it wants to position its product, the most difficult task begins, that is to actually convince people including company's own employees. Staff of corporation should be aware of what message it intends to send to the consumer. Finding a position is easier than implementing it as company has to communicate and deliver it effectively.

To accomplish this task of bringing everyone on board, a *positioning statement* is written - it is a condensed description of the core target market to which a product is targeted, at the same time it portrays a differentiating and attractive picture of the product to its target market. It is usually written in the following format:

To (target segment and need) our (brand) is (concept) that (point of difference).

Example, Honda emphasizes fuel economy of its CD-70 motorcycles so it may choose the following positioning statement for it:

"To (students and adults seeking low-cost travelling) our (Honda CD-70) is (motorcycle) that (is economical, reliable and has high resale value)."

A positioning statement may be used for external marketing too but it is primarily meant to serve all employees so they understand company's principles and stay on same page.



Positioning

***Statement:** A one or two sentences that articulate a firm's product value and core customer. It is usually written as: To (target segment and need) our (brand) is (concept) that (point of difference).*

Application of Concept

Develop a positioning statement of your favourite brand.

Other Positioning Considerations

A company should focus on one unique benefit or feature of its product called USP (Unique Selling Proposition/Point) as it makes the product stand out from all others. It is better to focus on a single trait instead of emphasizing on a number



"A company can become incredibly successful if it can find a way to own a word in the mind of the prospect. Not a complicated word. Not an invented one. The simple words are best, words taken right out of the dictionary."

- (page-27) From "22 Immutable Laws of Marketing" by Al Ries & Jack Trout

of different characteristics. It is usually preferred that one distinguishing key difference is chosen that is important in the eyes of customer. If a company tries to promote several differences then it won't be possible for potential customers to remember it in all the clutter and noise. The concept of USP may sound simple but it is often the key to effective positioning. Simplify your entire brand's message and then condense it even further, preferably down to just one word.

Al Ries and Jack Trout two famous marketers and authors of "Positioning" and "22 Immutable Laws of Marketing" shared this advice that companies should try to get one of the top two spots in the consumer's mind of the product category. This will help them to sustain it in the long-run. So, some companies invent a new product category to become number one in it. For example, Lux was the leading beauty-soap brand in Pakistan so P&G came up with Safeguard and introduced it as an anti-bacterial soap instead of a beauty soap. Hence, in this product category they were number one by default. Their success was mimicked and other brands also developed anti-bacterial soap.

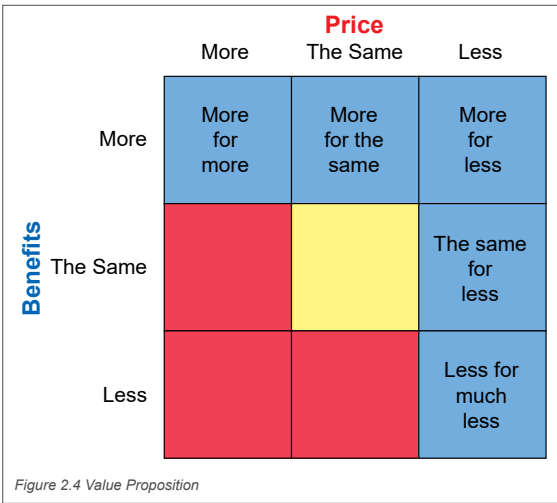
Recommended Reading

"22 Immutable Laws of Marketing" - Alries and Jack Trout

Selecting a Value Proposition

A company decides to offer a mix of certain benefits, such as low-price and low-quality or high-price and high-quality. This is called value proposition. A brand name assists consumers in recalling all those benefits. There are simply two dimensions of 'price' and 'benefits'.

- More benefits for more price: Meaning a company is offering more benefits compared to other brands and hence charging more price for it. For example, Mercedes has luxury elements that are absent in other car brands such as Toyota or Honda but it is also a lot pricier. Daewoo Express is a transport company that charges higher than other local buses but in return it offers timely departure and arrival accompanied with comfortable seats, air-conditioning and snacks.



- More benefits for same price: It means that a company is offering extra benefits at the same price. Example, when Toyota launched its luxury brand Lexus in the global market, it positioned it as giving more benefits (compared to other luxury cars like Mercedes) while having similar price.
- Same benefits for lesser price: In this positioning approach a company offers same benefits but at lesser price. Example, Metro store offers same products but prices less than *kiryana* (small convenience stores in localities). Same is true for Carrefour (that was previously called Hyperstar in Pakistan), a retail superstore chain in Pakistan that offers lower prices.
- Less benefits for much lesser price: Some brands opt to offer lower benefits but in return they also charge much less. Example, Flynas is Saudi Arabia's airline that doesn't offer printed tickets and has an online only system. Moreover, it also doesn't offer food, at least not in short distance flights but they also charge less.
- More benefits for less price: Sometimes a company offers more benefits but at lower prices, it is a very hard to maintain value proposition as profit margin is very low. Example: Metro Bus Service in Lahore also offers traveling but at reasonable rates and in a timely fashion. Xiaomi offers high-end specs but is relatively lower priced than other brands as Samsung and Apple's iPhone.



Xiaomi offers high-end specs such as twice the space, more RAM and better camera resolution than other brands but is still lower priced than those, thus it gives more value for lesser price.

Chapter 2 Epilogue

KEY-TERMS



Segmentation: Making groups of potential buyers on basis of common needs and expectation that they will respond similarly to a marketing action. (p-69)

Geographic Segmentation: Dividing potential target market on basis of locations as region, cities or states. (p-70)

Demographic Segmentation: Making groups of potential customers on basis of factors such as gender, age, income, occupation, education, religion, ethnicity and life cycle. (p-71)

Baby Boomers: Generation born between 1946 and 1964. (p-72)

Generation X: Those who were born between 1965 and 1980. (p-72)

Generation Y (Millennials): Population born between 1981 and 1995. (p-72)

Generation Z: Children born between 1996 and 2010. (p-72)

Generation Alpha: Those who are born from 2011 to 2025. (p-72)

Family Life Cycle: Various stages of a family's existence. (p-73)

Psychographic Segmentation: Dividing a market on basis of lifestyle or personality. (p-77)

Behavioural Segmentation: Dividing a segment on basis of consumer's usage of product. (p-77)

80/20 Rule (Pareto Rule): A concept that says that 80 percent of company's sales come from 20 percent customers. So, firm should focus more on those important 20 percent. (p-78)

B2C (Business to Consumer): Selling by businesses to end-users. (p-81)

B2B (Business to Business): Selling by one business to another company that uses the products for profit generation. (p-81)

Targeting: Group of potential customers towards which an organization directs its marketing program. (p-83)

Undifferentiated (Mass) Targeting: Targeting the whole market with one kind of offer. (p-84)

Differentiated (Segmented) Targeting: An approach to target several market segments and designing separate offers (marketing mix) for each. (p-84)

Concentrated (Niche) Targeting: A targeting strategy in which a company goes for a large share of one segment. (p-85)

Customized (Micro) Targeting: Implementing a different marketing mix for each individual or local market. (p-86)

Positioning: Developing an overall image for a product or brand to occupy a clear, distinctive and desirable in the mind of target market. (p-88)

Positioning Map: A diagram/graph of how customers view different brands on the basis of important characteristics. (p-89)

Positioning Statement: A one or two sentences that articulate a firm's product value and core customer. It is usually written as: To (target segment and need) our (brand) is (concept) that (point of difference). (p-91)



Industries and Brands

Marks: 10

Time: 60 minutes per industry

Go to BrandZ (www.brandz.com) and download its latest report on top 100 brands and pick any two industries that you like³¹:

Q1. Share summary of the industries that you read about e.g. what are general trends? What factors contributed to industry growth and/or decline?

Q2. Which brands are top risers? What are the brand building action point?

Q3. Pick up four or five new words that you learnt from this document. Mention their meanings and in which context those are used. Create new sentences of each.

(optional) Pick up brands of any one industry and create a perceptual **positioning map**.

Submission type: Slides. Note that only three to maximum four slides with around 25-35 words per slide should be prepared per industry.

Learning objective: In this class activity participants will gain info about industry.

STP & Segmentation Types

Marks: 10

Approx. time required: 2-3 hours

Q1. STP ----- (3 marks)

First of all go through the following article <https://blog.udemy.com/segmentation-targeting-positioning/>
Also read from book and browse any one or two other sources to understand STP and answer the following:

- What do you understand by 'Segmentation'? [50+ words] (1 mark)
- What is meant by 'Targeting'? [50+ words] (1 mark)
- Elaborate 'Positioning' in your own words. [50+ words] (1 mark)

Q2. Segmentation Types ----- (7 marks)

There are four broad types of segmentations, answer the following after reading details from book or at: <http://www.marketing91.com/4-types-market-segmentation-segment/>

- What is 'psychographic segmentation', elaborate with **two** examples. [50+ words] (1 mark)
- Explain and provide **two examples** of 'geographic segmentation'. [100+ words] (2 marks)
- Elaborate 'Demographic segmentation' which is most famous and commonly used. Generate **at least two examples** (preferably from local culture). [100+ words] (2 marks)
- Behavioural segmentation has various sub-types. Define it and give **at least two examples** (preferably from local culture). [100+ words] (2 marks)

It is better if you use a different brand for each example.

Learning outcomes: STP is one of the fundamental concepts of marketing. First question provides its overview and second an opportunity to understand different segmentation types.

Gender Differences

Marks: 10
Time required: 3 hours

There are various differences between the two genders and hence various products are to be made accordingly. In this regard, a good audio lecture series on the topic of 'Towards Marital Bliss' is available at <https://islamicspirituality.org/lectures/workshops/towards-marital-bliss>. It also touches 'gender differences'. If possible listen to whole series, otherwise at least cover the following:

- With reference to 'audio file number five' [55min. to end] Share what guidelines are provided about 'key gender differences', what are key strengths of each gender, such as strength, beauty, patience, decision making and helping etc. [400+ words] (4 marks)
- Go through 'audio file number six' from start and share what are a female's expectations. [300+ words] (3 marks)
- From 'audio file number six' explain what are a man's requirements. [300+ words] (3 marks)

Note: You must list down the differences in proper headings as well as mention from which minute this difference is explained. e.g. Honor and respect [2min.10sec.; audio file # 6]

Women Rights - A Noble Cause or Evil Intentions

Marks: 15
Approx. time required: 3 hours

Section-1. Videos ----- (5 marks)

Some NGOs are underneath working for evil agendas to make the world a corrupt place and prepare it for arrival of Dajjal. One such movement is also done in the name of 'Women's Day' or 'Rights'. Go through following and share your thoughts.

Q1. Mushahid ullah Khan's Historic Speech in Senate of Pakistan

<https://www.youtube.com/watch?v=LbCnWlW5q30> [11min.]

How does the speaker link this event with NGOs? Explain in detail. [200+ words; 2-marks]

Q2. Powerful Reply to Women's of Aurat March by a Girl

<https://www.youtube.com/watch?v=GV7S5QZDn2A> [4min.]

Share your favourite most two dialogues from it and elaborate. [100+ words; 1-mark]

Q3. Women Freedom Song. Roohani Kidz

<https://www.youtube.com/watch?v=14vYyb-WJXg> [4min.45sec]

Share your favourite most two dialogues from it and elaborate. [100+ words; 1-mark]

Q4. Aurat March Reply by Maulana Sheikh Makki Al Hijazi

The only Pakistani who is allowed to deliver lecture in Urdu within Masjid-al-Haram. Share his thoughts briefly. [0.5 marks]

<https://www.youtube.com/watch?v=itLum-C8Alo> [1min.]

Q5. Jis ki Takhleeq! Uski Marzi!

Watch this short video and explain. [0.5 marks]

<https://www.youtube.com/watch?v=DI3AlyuG7Ss> [1min.]

Section-2. Book (Urdu) ----- (5 marks)

Parda by Syed Abul Aala Maududi- 182 pages

http://www.mediafire.com/file/vc9dus5irx3q8z/Pardah_by_Syed_Abul_Aala_Maududi.pdf/file

Pick up any four headings of your own choice, read and elaborate. (try to pick each heading from a different zone; insert snapshot of each.) [400+words]

Section-3. History of Role of Women----- (5 marks)

Reality of Women's Freedom by Orya Maqbool Jan

<https://www.youtube.com/watch?v=yM4zbA7HDAM> [17min.]

Summarize this video. [400+ words]

Buraaq (comics)

Marks: 10

Time required: 2 hours

Moral lessons are continuously vanishing in modern era especially in entertainment world. Similarly, Muslim characters are also barely found in this industry. So, is our ancestor's lifestyle being replaced due to influence of Western culture as shown in media. Hence, some people have identified a gap in market, the need for family entertainment and have started coming up with their own versions of such superheroes. There are certain restrictions from Islamic perspectives such as inclusion of musical instruments and complete animation that are both forbidden. However, non-musical sounds and effects as well as non-detailed animation are allowed. Here are a few attempts by Muslim world:

The 99 a comic series by Dr. Naif and published by Teshkeel Comics of Kuwait. Series uses alternate history from siege of Baghdad in 1258 CE from where most knowledge was lost, it was stored by a scholar in 99 'Noor' gemstones and those are now being discovered giving people powers based on attributes of The God. This series has been criticized too because it has used Allah's names for human characters.

Burka Avenger (2013-16) برقعہ ایوینجر is Pakistan's first animated series that inspired other people to launch their own animations. It is story of a school teacher who takes veil and fights forces of evil. It gained repute at international level as it was also added in list of 11 most influential fictional characters of 2013 by Time Magazine³². Released by Islamabad based Unicorn Black.

3 Bahadur (2015) Despite being Pakistan's first full-length animation it became highest grossing animated movie in Pakistan ever, crossing 4.7 crore rupees³³ and scoring a respectable 7.4 on IMDB. It was developed so Pakistani kids can find an environment and characters that they can find some relevance to³⁴. Its success motivated the development team to go for a sequel that also gained commercial success.

Buraaq (comics) Two Pakistani brothers living in US realized that mainstream media was portraying negative image of Islam and that there was absence of Muslim superheroes in the world of entertainment so they came up with their own comics titled 'Buraaq' in 2011. Currently they are trying to get its 3D animation series on air.

Browse website of 'Buraaq' <http://www.splitmoonarts.com/> and analyse it.

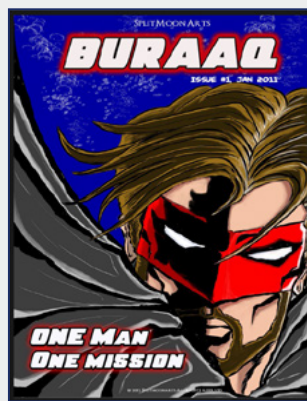
Note: Your total write-up of all questions response must be of net 500+ words.

Q1. Read 'about us' and explain which 'need' they are fulfilling, what is the gap that they identified?

Q2. Try downloading a couple of 'free digital comics' and then provide your customer experience. i.e. how user friendly it was?

Q3. Give a brief of volume-1 of its comics. Define their target market's profile. For example, which age-group, geographical zone, personality/lifestyle are they targeting? Also add snapshot of your favourite dialogue/image etc.

Q4. Comment on their marketing efforts, for example, which digital media tools as Facebook, twitter, YouTube, online promotions are they using and how effectively are they utilizing it? What are your critical comments and improvement suggestions for them?



Buraaq is comics written by Pakistani born brothers who are now planning to release animation series as well

Credit: Buraq Reprinted with permission

Job and Industry

Marks: 10

Approx. time required: 3 hours

So, after your graduation what is your plan, job or own business or studies? If your plan is to go for a job or business then ask yourself following questions:

1. Which industry will you work in?
2. Name a few companies that belong to this industry.
3. What is the average salary in this industry?
4. What is the growth rate and total size of industry that you want to go into?

Alternately, if you are planning to go for a masters then it is better to do it after at least some experience.

Note: Your total write-up of all questions response must be of net 500+ words.

CV / Resume Development

Marks: 10

Approx. time required: 5-6 hours

It is not ideal to consider a human being a product, but for now let's just do it for sake of understanding marketing concepts and their application. Purpose of a CV is to sell your product that is your skill sets to your potential employer (your target market).

Sometimes even CEOs fail to develop a good resume as they put in irrelevant accomplishments. Another mistake is poor formatting that is also done by many people. Learn to have a good formatting that is equivalent to a good 'packaging'. A CV is needed even if a student has to apply for internship or a TA-ship. Hence, a better developed one enhances your chances of selection. Browse online to find CV patterns and develop your CV as per any pattern.

Note: It is best that before creating a CV, you identify specific product categories / industries that you are personally interested in working in so you may focus on enlisting relevant strengths, skills and experiences.

Learning outcomes: To have a basic CV ready at this stage so it may easily be updated in future when needed, although participants are encouraged to think of business instead of employment for their own benefit as well as for that of society.



Mini-Project on Brand

Marks: 10

Approx. time required: 6 hours

Note: Use your most favourite brand (or the brand that has been allocated to you by your teacher).

Section-1. Industry, Introduction and History ----- (600+ Words) (4 marks)

First of all try to provide info about the **industry**, such as its latest details, growth, number of firms, substitute products etc. [ideally 250+ words]

Then Provide a brief **introduction** as well as some other important information if possible as brand's rank, headquarters (country), product categories and business units, number of employees, last year revenue etc. [preferably 200+ words].

Its **history** [150+ words approx.] preferably in time-line form, although bullets or paragraph may also be accepted. Try to have around 5-10 most important dates/years only (e.g. major acquisitions, launch of products or new brands etc.) along with brief description of each.

Section-2. Application of concepts ----- (200+ Words) (4 marks)

Apply minimum any two of the following concepts and elaborate as well [100+ words each]:

Need and want (just apply on any two products)

- Segmentation types being used by the brand e.g. demographic etc. (apply on any two product)
- Positioning statement: To (target market) our (brand) is (concept) that (point of difference)
- Perceptual positioning map

Section-3. Latest News ----- (200+ Words) (2 marks)

Search at least **two** latest (news) articles preferably from last few months and provide a summary of each. Also mention date of news and provide reference. Insert snapshot of news.

Note: In case you have local brand and/or you find it difficult to find history and/or news articles then you can alternately apply more concepts to make-up for lost sections and marks. Also, add a couple of pictures of the brand and its few products to give this report a more mature look.

References: There should be minimum 4-5 references in this assignment from wherever you are picking up information about the brand. Appropriate way is to put the reference as footnote. For it simply click on 'References' tab on MS Word and then on 'Insert Footnote', then paste the relevant link (or source).

Learning outcomes: This is a small project where one brand is to be seen thoroughly but only limited write-up is to be provided. Application of some basic concepts on a brand of choice are learnt here.

Case: Skates and Needs

Marks: 10

Approx. time required: 1 hour

Skates and Human Needs

Ice skates are very ancient, estimated to be thousands of years old, however, attempts to travel via in-line skates dates back to 1700s. Three centuries ago, a Dutch tried to put wheels under the shoes. This first invention didn't allow the user to take a turn while skating or even to apply the brakes but it was birth of inline skates. Inventor tried



it in a party but due to lack of brake system, ended up crashing in a mirror. Some say his name was never recorded, however, his invention kept on improving. In 1760s at time of its formation, two woods were used as wheels but in 1863 it was converted into two-pairs of wheels, much like those of a car and was often used like this afterwards. These are called quad skates and still used for children.

After another century and more recently in 1980, two brothers who were ice-hockey players couldn't do ice-skating in summer due to absence of ice. Result was that they couldn't stay in practice and needed some solution for it. They discovered an old pair of quad skates in a sporting goods store and thought that it would be a good alternative to ice-skating in summer. They modified it to modern inline skate and same year founded their company that became Rollerblade, Inc. in 1983. Their initial target



market included ice-hockey players who bought these in summer, but they eventually started selling to everyone. Due to very limited budget the company often relied on 'innovative low-cost' marketing called 'guerrilla marketing'. For example, they had a shop in a van and a few people skating alongside the van, a demonstration by them and an option of free trial for all potential customers. Sales started climbing in next few years and several other companies entered the market. Skating became a growing activity as people started buying these for exercising, recreation & entertainment and in some cases even for traveling. Now Rollerblade has skates for women and children as well.

Q1. Which need led to this invention and then reinvention? Was it same both the time? Explain.

Q2. Which need(s) do inline skates fulfill nowadays?

Q3. How has Rollerblade segmented and targeted its market?

Q4. If you were to launch an inline skates in your city, how will you position your skates as?

Image by Joaquin Puertos Muñoz from Pixabay



Photo by Sven Brandsma on Unsplash



Quad skates, two pairs of wheels that were developed in 1863. Even today these are preferred by kids due to better balance than inline skates.

Chapter-3

Consumer Behaviour

- 1 Product Types
- 2 Buyer Decision Process
- 3 Characteristics that Affect Consumer Behaviour



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Learning Objectives

After reading this chapter you should be able to:

- Know different types of products and relevant consumer decision making for each
- Understand five steps of a buyers decision process
- Know various factors that influence consumer behaviour



Watch Lecture Video in Urdu (اردو)
<https://youtu.be/nbajBFOXwM8> [40min.]

Opening Scenario: A Consumer's Search for Bridal Dress

*Bint-e-Ali was sitting on her laptop, she just completed an assignment and relaxed for a while and her mind started wandering. Recently one of her cousins got married which triggered in her mind that what would her own wedding dress be like, so she started searching for decent *abayas* on internet and all of a sudden a picture of a *niqabi* bridal dress popped up. It was unlike anything she'd seen or envisioned. Although her own marriage seemed at least a few years away as currently she was busy with her studies and asking Allah (سُبْحَانَهُ وَتَعَالَى) for a pious and caring spouse but this picture caught her attention; it was white *abaya*, white *niqab*, even white gloves, an embodiment of purity and *haya* (modesty) ... it was pretty much what she wanted. However, it turned out to be a Turkish brand Setri-*



Nur. How could she get it? She wondered.

So, she started surfing for more dresses and to know from where exactly could something like it be made. Her search took much more time than what she'd originally thought, as most of the local designers were missing the type of design(s) she was looking for.

Most shops lacked simplicity and good taste as they had dresses with over-done embroidery that were indecent and immature in style and on top of



it, prices were ridiculously high. She found only one dress after hours of search that was actually good looking, although sparkling yet still appealing so when asked them about price, they said it is Rs. 2,500,000 (25 lac). "Are they telling me price of a dress or some plot or car?" She wondered if they'd mistakenly added a zero or two. Besides, her search focused on some *Niqabi/Hijabi* bridal dresses with preference of white colour, but other colours with decent outlook would work for her. She shared a couple of sample pictures with her cousins and colleagues for further ideas and suggestions. One of her university's colleague suggested that she could go to *Dupatta Gali* (a market in Liberty, Lahore) where various expert tailors are able to come up with any type of dress that you tell them to design. However, it would require some hassle in ordering etc., "an effort worth it", she thought.

Besides consulting advices of her colleagues she also searched online and found a couple of Chinese retailers via eBay¹ that had very decent and reasonable priced *Hijabi* bridal dresses within 130-200 dollar ranges i.e. roughly Rs. 25-35,000. Even shipment charges of 3-5k made these much more appealing in terms of both affordability as well as design than any available in Lahore, but it had multiple problems as:

- i. Buying via eBay is a mess
- ii. Shipment time is over one-month
- iii. In case of any issue, alteration is difficult
- iv. She wanted to have *niqab* and gloves added of same material but it was not an available option.

All of these problems won't be there if there would be any shop/brand in Lahore that would assist.

Some designers in Lahore did provide such services as they would ask only for a picture of required dress via WhatsApp. One option was buying the cloth and then getting it stitched via a good tailor but this was also a bit difficult in terms of effort required, besides reliability of tailor and final dress' outlook were additional concerns.

Through all of this she realized that there was room for some '*Muslimah* bridal brand' especially in economic price, for it was a major gap, a huge drought in Lahore. It was strange that one could order online to get it from China but not possible to get in Pakistan. Being an educated individual she wondered how to proceed further?



Questions

- Q. Which type of consumer good is a 'bridal dress'? What type of decision buying behaviour is it?
- Q. In this story what was the 'need trigger'? Internal or external?
- Q. What sources she used to collect 'information'?
- Q. What were the alternatives that she considered?
- Q. If one were to launch 'bridal dress' in economic price to serve customers, what would be the business model, operational details, investment required and promotional tactics?

This chapter focuses on factors that help to shape consumer behaviour. Since, consumers are continuously changing and various trends are impacting their lifestyles, therefore by knowing these factors marketers are able to serve them better.



Consumer: The end user of the product, who actually utilizes the product himself.

Consumer is the ultimate user of a product, the one who actually utilizes the product/service himself, while customer or buyer is the person who purchases or pays for the product. For example, your mother (buyer) told you to get 'Dawn Bread', you bought it (customer) and it was used in breakfast by your younger sibling (consumer).

Pakistan's consumer market size would be the total population that is estimated over 218 million (22 crore) as of January 2020², with over 2.1% growth rate³, almost 45 lac children being added every year. Hence one of the first tasks is to understand all those characteristics that impact people and bring changes in them.

A company may choose to serve only consumers (B2C) or businesses (B2B) or both. For example, a personal computer manufacturer can sell to corporate clients and to home users as well. Although nowadays Consumer to Consumer (C2C) is also being done either via ads in newspaper or internet through sites like olx.com.pk etc.

Product Types

Consumer Products

All the products that a consumer purchases can be divided into four types. It is not necessary that all buyers would consider these products precisely in these categories, as financial situation of each individual may create a difference. Marketers however clip products in these categories on the basis of how most customers behave towards these product-types. For example, a very rich person might buy a luxury car as if he is buying a candy.



Convenience Goods: A consumer product that is usually bought frequently, immediately and with minimum comparison and buying effort.

Convenience products/goods are consumer products and services that the customer usually buys frequently, immediately and with a minimum comparison and buying effort. For example, soft-drinks, detergents, toothpastes, newspapers, FMCGs.



Products of nominal value like tooth brush and toothpaste are convenience products.



Shopping products/goods are consumer products and services that the customer compares carefully on suitability, quality, price, and style. Customers have some degree of involvement in cases of shopping goods, for which they often have a previous purchase experience. Even if a new product is launched then buyers may seek some info from friends or from the company website before buying.

For example, furniture of nominal value like computer table, clothing, artificial jewellery etc.



Shopping Goods:

A consumer product that a customer usually compares on attributes as quality, price, suitability and style.



Image by Free-Photos from Pixabay



Clothing is an example of shopping goods, for which most customers spend some time comparing brands

Speciality products/goods are consumer products and services with unique characteristics or brand identification for which a significant group of buyers is willing to make a special purchase effort. For example, luxury goods, expensive household appliances like refrigerator and split air-conditioner, services of a medical or legal expert.



Speciality Goods:

A consumer product with unique characteristics for which a significant group of buyers is willing to make a special purchase effort.



High end appliances like refrigerator fall in speciality products, usually purchased once or twice in whole life.



Photo by Cleyder Duque from Pexels

A medical fee is usually very nominal, for example, while going to a government hospital in emergency, the 'fees' is only Rs.1 that is equivalent to free. Besides, all medicines are also provided without any charges but since it is a sensitive matter especially in cases of accidents, heart-aches or something hitting the eye, a person would be willing to go an extra mile such as travelling to another city to get treatment. Therefore, most medical services would come under speciality products.

Application of Concept

One product maybe seen several ways

How might marketing mix differ if an apparel brand such as J. (Junaid Jamshed) were marketing its clothes to three target markets: one that perceived them to be a convenience good, other shopping good and third as speciality good?



Unsought Goods: A product that the consumer either doesn't know about or knows about but doesn't normally consider buying.

Unsought products/goods are consumer products that the consumer does not know about or knows about but does not normally think of buying. For example, giving charity, funeral arrangements and emergency services.

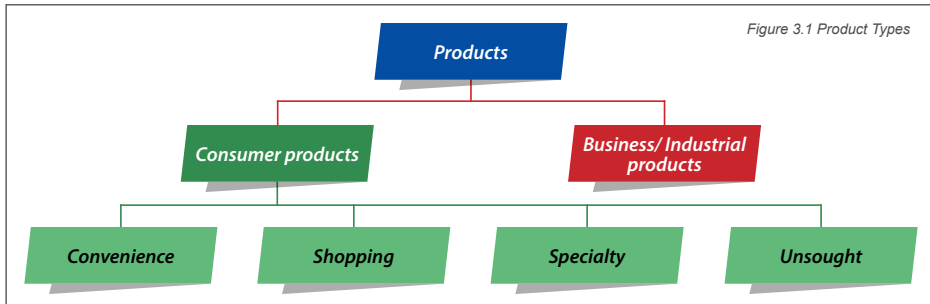
Industrial Products

Items that are purchased for making profits and not for household consumption are called industrial products. These include goods such as:

- Materials and parts (raw material and finished product)
- Capital items (machinery and equipments of factory, office furniture, trucks etc.)
- Supplies and services (office stationery etc.)

These are primarily sold by companies that are targeting other businesses.

Figure 3.1 Product Types



CONCEPT TEST

Link each item with relevant type of product

There are total five types of products (convenience, shopping, speciality, unsought and industrial goods). Which type do the following belong?

- | | |
|--------------------------|---------------------|
| i. Shampoo | v. New BMW |
| ii. Donation to a beggar | vi. Local transport |
| iii. Used motorcycle | vii. Elevator |
| iv. Hiking boots | viii. Jacket |

Options:

- Convenience
- Shopping
- Speciality
- Unsought
- Industrial goods

Your answers:

- | | | | |
|---------|----------|-----------|------------|
| i. ____ | ii. ____ | iii. ____ | iv. ____ |
| v. ____ | vi. ____ | vii. ____ | viii. ____ |

Consumer Involvement

There are differences in decision making behaviour by consumer while purchasing different products. For example, while buying a low priced item a consumer wouldn't think much about brand differences or quality. On the other hand when opting for an expensive item an individual would spend considerable time in finalizing the brand and thus would be highly involved. Involvement means personal, financial and social significance of the decision being made⁴. Broadly, there are just two levels of consumer involvement.

High Involvement: A customer goes through a complex buying behaviour mostly in cases of speciality goods or 'high involvement products'. These are expensive, rarely purchased and buyers spend a lot of time before finalizing decision. For example, before purchasing a laptop or selecting a university for admission.

Marketer needs print ads with details and brochures as customers want to know about the product in detail. In these products cognitive dissonance (after-sale discomfort) is often observed. In order to reduce this post-purchase anxiety of a customer, the company should be providing after sale service or warranty.

Low involvement: A customer when purchases a product with little or no effort then it is said to be 'low involvement'. For example, convenience goods like bread, salt etc. In cases of low-involvement products marketers try to bombard ads to create brand familiarity. *Impulse buying* refers to purchasing a product without any planning or forethought, it is often observed in 'low involvement' products. That is why, many retailers place low priced products like chewing gums and chocolates in check-out lines so that during the waiting time some customers may purchase these items.

Application of Concept

Look at the following products and list each as high or low involvement:

- Haircut
- Shampoo
- Tennis racket
- Refrigerator
- Ice-cream
- Restaurant (alone vs. with friends/family)



Impulse Buying:

Spontaneous purchase of a product without any pre-planning.

Buyer Decision Process

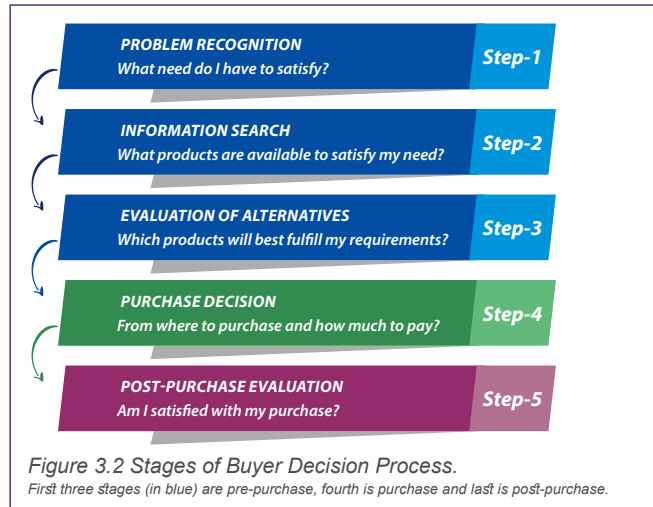
Each of the individual reading this book is a consumer and so is everyone who is not reading. As consumers we make decisions every day about various things including choice of food, travel, education and entertainment. For marketers, it is important to understand the decision making process that a consumer goes through. Depending on product-type and consumer involvement this decision-making may take a few seconds or may stretch to several weeks. On average a customer goes through certain steps called as buyer or



Buyer/Consumer

decision process: A consumer's decision making steps from recognizing need, searching for information, evaluating alternative products/brands and purchasing.

consumer decision making process⁵ as shown in Figure 3.2. These steps are explained below:



□ Problem Recognition

Problem recognition is the realization by a consumer that he or she needs to buy something to fulfil a need⁶. Speed of problem recognition can be very fast or slow, sometimes people have an issue but they keep on enduring it for years and may not even realize that solutions are available. Many people recognize these problems upon salary increase too, or upon job shift to a higher pay scale. This is when a customer finds a large enough gap in his existing state and desired ideal state that forces him to consider buying a new product⁷. A need may be triggered by either internal or external stimuli:

- *Internal stimuli* are the realization of a need by an individual himself. For example, a person feels hungry, he opens the refrigerator and discovers that it is empty, so he recognizes that food needs to be purchased.
- *External stimuli* are cues from outside that make an individual feel the importance of a need. It can be an advertisement or a discussion with a friend. For example, the ads of Nestle's Nescafe made people realize that they can stay awake and alert for a longer time-period. This is a need trigger that encourages people to purchase the product. Similarly, a person using mineral water may share his views about safety



Nescafe's ads that made people realize that coffee is helpful in staying awake is external stimuli.



Photo by M.T ElGassier on Unsplash

and health benefits of it with a friend and convince him to be opting for mineral water in future.

Information Search

Once a need has been recognized by an individual, he then seeks knowledge and information about products that may help satisfy this need. There are various sources of information that can be clipped under the categories of 'internal' or 'external'. *Internal source* is a mental review. It refers to the buyer's previous experience or memory, if they have purchased or experienced the product earlier on. *External sources* include information that is collected through friends, relatives, magazines, advertisements and company websites etc. Internet has become a crucial source of information as many independent websites give reviews to products and since these sources are not promoted by manufacturers so these reviews are more credible for a consumer. Commercial sources play an important role of introducing products and brands to consumers. However, before purchasing people like to know the opinion of other users in their circle about the product they want to buy. Information may be presented by a company in many forms like verbal or visual cues. Marketers repeat ads because most of the time the potential customer may not have received all the information but may understand it upon repeated viewing.

Time spent on information search by consumer is dependent on many factors including product type as speciality, shopping and convenience. In case of speciality goods such as a car purchase may require a lot of time and external search while buying a soap would barely take any time. For convenience goods even if the required brand is not available a consumer may use memory (internal search) to immediately get an alternate instead of bothering in going to the next store.

Information search is also influenced by perceived benefits. A person having a relatively older mobile or laptop may want to upgrade it. However, if the consumer finds out that the differences between their owned model and newer are not very significant then they may drop the plan of purchase. A consumer may decide to cancel the idea of buying a product if he has fears of not receiving the desired product upon online order.

Evaluation of Alternatives

A consumer will hardly have time to evaluate all brands. However, there are some brands that an individual is already



Information Search:
Second stage of consumer decision process in which consumer collects information.



Evoked Set: The final list of brands that consumer remembers at the time of purchase.

aware of, list of these brands is called as 'awareness sets'. Based on different attributes the final list of brands that consumer remembers at the time of purchase is called the *evoked set* (selected brands). For example, there are more than 30 mobile phone brands available in Pakistan⁸ but many consumers would only know about a few and usually end up selecting just 2 to 3 brands, after which final purchase is made.

A university student looking to rent an apartment may consider following factors:

- Rent
- Location
- Size of room / sharing or not
- Demographics of others in building/complex
- Facilities (availability of mess, AC, Wi-Fi)

For one student rent and location may take priority, hence low-rent and closer to university would be his choice. For another student facilities such as good food and air-conditioning may be the most critical. Their decision making would differ accordingly.

In most consumer decisions, identifying criteria and determining their importance are done in an informal (almost subconscious) manner. Rarely, people do it in written form.

Purchase Decision

This is a simple step and a consumer just purchases the product finalized by him after evaluation of alternatives., but occasionally purchase decision may be impacted by a lot of factors:

- Product goes out of stock
- Product is no longer manufactured
- Environment (as ambience of store) may also impact the purchase decision
- Mood of buyer
- Cash in hand

For example, a person decided to buy a unique laptop but when he searched for it he found out that it isn't available in Pakistan so he opted for the second best option that he shortlisted. In another case, a person decides to purchase a rugged mat of lion skin but his friends shares that this is inappropriate and against animal rights to kill them and use their fur for mere show-off. As a result he decides to purchase a simple rug.

Sometimes a consumer's decision changes because of the attitude of relatives or friends. Satisfaction from previously purchased products greatly reduces the time for decision making.

Post-Purchase Behaviour

After the purchase a consumer compares his expectations with the product's performance. Despite the long decision process customers may still wonder if they made the right purchase, this is called '*cognitive dissonance*'. It is a buyer's discomfort caused by post-purchase conflict, in which he starts thinking that he may have obtained some additional benefits if he would've purchased from an alternate brand.

To tackle this, companies should encourage customers to complain (as 'complaint box') and have lenient return policy to minimize the impact of cognitive dissonance. Having some free after-sale service or warranty also helps.



Post-purchase

Behaviour: It is the last stage in consumer buying decision process, in this phase consumer experiences intense need to confirm the wisdom of that decision.



Cognitive

Dissonance: Buyer's discomfort caused by post-purchase conflict.

Characteristics that Affect Consumer Behaviour

A human's response to anything is a result of a large number of factors including many things that he would've acquired over his entire life. Broadly, these can be clipped into three categories as shown in chart here.

Cultural	Social	Personal and Psychological
<ul style="list-style-type: none"> - Cultural influences - Sub-culture 	<ul style="list-style-type: none"> - Social class - Reference groups (WOM and opinion leaders) - Family 	<ul style="list-style-type: none"> - Age, Life-Cycle, Occupation - Lifestyle & timestyle - Personality - Motivation - Perception - Learning

Figure 3.3 Characteristics that affect Consumer Behaviour

Cultural Factors

"*Culture* is man-made part of environment"⁹. It incorporates sets of values that humans learn and share¹⁰. Human behaviour is mostly learnt. We might not have noticed but a chicken after hatching from an egg learns to walk within hours and even more interestingly it would try to run away from a cat even when it sees the cat for the first time. Now, how does it know that cat is its enemy? Similarly, a kitten after being born when feels hungry never tries to eat grass or plastic. On the other hand a human child would try to eat anything including cloth, metal, plastic and wood etc. It is because all animals have most knowledge already in their DNA while a human being is born ignorant and learns from his surroundings. The Quran tells us that, "And Allah has



Culture: The set of values, ideas and attitudes that are learnt and shared among members of a group/society.



وَاللّٰهُ أَخْرَجَكُمْ مِنْ بُطُونِ أُمَّهَاتِكُمْ لَا تَعْلَمُونَ شَيْئًا وَجَعَلَ لَكُمُ السَّمْعَ وَالْأَبْصَارَ

وَالْأَفْئِدَةَ لَعَلَّكُمْ تَشْكُرُونَ

SAHIH INTERNATIONAL

And Allah has extracted you from the wombs of your mothers not knowing a thing, and He made for you hearing and vision and intellect that perhaps you would be grateful.

اللہ تعالیٰ نے تمہیں تمہاری ماؤں کے پیٹوں سے نکالا ہے کہ اس وقت تم کچھ بھی نہیں جانتے تھے، اسی نے تمہارے کان اور آنکھیں اور دل بنائے کہ تم شکر گزاری کرو (ترجمہ: محمد جوہار علی)

- Quran Karcom

[Surat-un-Nahl 16: Verse 78]



Personal Space: It is an area around a person in which intrusion causes discomfort.

brought you forth from the wombs of your mothers-- **you did not know a thing**-- and He gave you hearing and sight and hearts that you may give thanks." [16:78]¹¹. That is why Allah sent messengers for guidance of humans and the very first human Hazrat Aadam AS آدم (aka Adam) was also the first messenger. Hence, depending on the type of environment and culture, a human being is born in, he/she learns from it and begins to have different sets of behaviours and lifestyles. That is why, humans develop as a species and continue to improve and refine their surroundings.

Culture refers to values, traditions, taboos and behaviours of entire society. Cultural differences matter a lot for example, an owl is considered as a symbol of wisdom in the west while same bird is considered stupid in sub-continent, where calling someone "ullu" (owl) is considered almost equivalent to calling names like an idiot.

Personal space is an area around a person in which intrusion causes discomfort¹². It varies from culture to culture. On average the distance between two strangers is more than three feet, people only allow relatives or friends to come any closer. For example, a research was conducted of almost 9,000 participants across 42 countries in 2017 that revealed interesting differences about personal space, such as in Romania a personal space of 4.5 feet is expected with strangers but in Argentina even 2.5 feet isn't considered offensive¹³. Same research shares that, in Pakistan a stranger is best at a distance of about 3.9 feet, while acquaintance at 3 feet and a close person at 1.9 feet as shown in Figure 3.4.

Personal Space

(distance in feet)

- ◆— Stranger
- Acquaintance
- ▲— Close Person

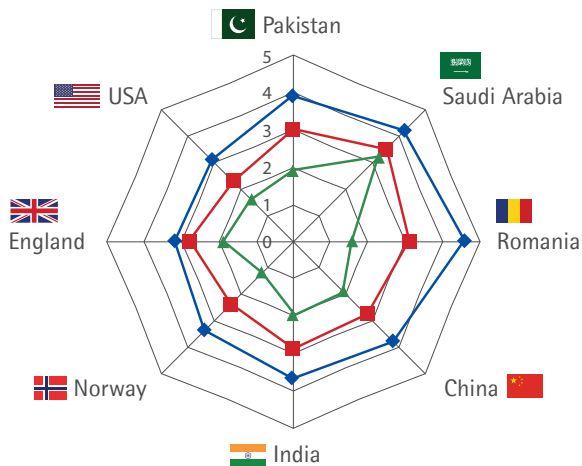


Figure 3.4: Personal Space comparison across some countries. Source: Chart designed on basis of a research published in Journal of Cross-Cultural Psychology in 2017 by Sorokowska et al.

Although many people who are unaware of the concept of 'personal space' may not follow these distances.

In Arabian countries a salesperson can give presentation to even the competitors company, which is not considered socially acceptable in other cultures. In some countries as US and UK people observe punctuality for their appointments because time is considered to be of extreme value, a trend that is not so common in all countries. Some cultures find even a soft hand-shake aggressive.

It is very critical for a global firm to understand local cultures before making any decision regarding the product or promotion or it could lead to cultural disasters. Here are a few examples, in Middle-East a fridge ad was aired showing ham (pig) as the company didn't know that it is forbidden in Islam. A US company introduced perfume in Latin America with ads of camellias, but the company was unaware of the fact that in Latin America these flowers are used only at funerals. An interesting example is of a baby food company that had a picture of a baby on its product but failed to get sales in Africa. Upon research the company discovered that problem was not with the product but that literacy rate was low so people assumed that whatever is drawn on the cover was meant to be inside, resulting in mass confusion.

Language is another element of culture that also highlights differences among people. There are about 6,900 languages spoken in the world. However, just ten most famous languages cover almost half of entire globe. Medicines often use eight or ten of the most widely spoken languages as it helps them reach vast majority. There are many different sources of number of language speakers and calculation methods that vary the numbers. Here in Figure 3.5 is a list of most widely spoken languages according to

”

*"Knowledge won't
give you anything,
unless ...*

*you don't give it
everything"*

- An Arabic saying

Most Spoken Languages

(number of speakers in crore; 10 million)

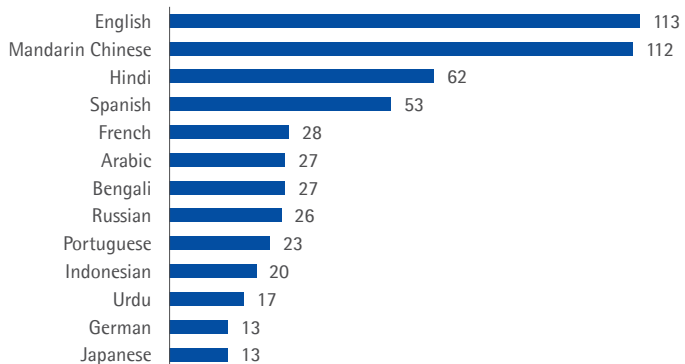


Figure 3.5 Most Spoken Languages

US based language reference publication Ethnologue¹⁴. These are the only thirteen languages that have over 10 crore (100 million speakers) speakers world-wide, including those that are native speaker and those who speak it as a secondary language. Ads are displayed in different languages while keeping the content same to modify according to local language. In some cases even content is changed to reflect cultural differences.

Sometimes there occur some cultural shifts, for example in recent years there is a trend towards health-consciousness. This is because many modern food items like fast-food, soft-drinks and poultry are not health friendly; so many consumers are avoiding these products to stay healthy. There is also a cultural shift of informal dressing as even CEOs are seen wearing jeans and t-shirts, something that was not so common a few years earlier.

Subculture

Every culture has some subcultures, or a group of people with shared similarities that are different from the overall culture. It may be on the basis of nationalities, religions, racial groups and geographic regions etc. For example, in US you may find all Japanese living in one zone, Chinese in another, Indians together and one area occupied by Pakistanis. Lifestyles of people one nationality may appear similar to each other but are significantly different from the overall American culture.

A local example can be of *Gawal Mandi*, a food zone in Lahore that has a typical sub-culture which is different from the overall culture of Pakistan. On the other hand restaurants at M. M. Alam Road have different ambience and food.

Social Factors

There are some social factors that heavily impact an individual's lifestyle as well as purchasing behaviour. Let us have a look at these.



Social Class:

Relatively permanent divisions in a society whose members share similar values. It is usually on basis of education, occupation or type of neighbourhood

Social Class: Social class is a division within a society of people who have similar values, needs, lifestyles and behaviours¹⁵. Although social class is an important measure of consumer behaviour but every country has different methods of calculating it. Some use income, education and even residence area. Social classes are relatively consistent in an individual's life but sometimes career and education shift people from one class to another.

UK uses occupation mainly, while, Pakistan's SEC (Socioeconomic Classification) varies from A1 to E2 that have been designed on the basis of occupation and education of the chief earner¹⁶. Now product usage varies widely in these for example, tissue is used by 40% people of A1 but less than 5% in E2 class. While ghee has a different usage as it is lesser (72%) in A1 class as opposed to E2 (88%) as shown in Table 3.1. Some products like soap barely have a difference in usage among different classes. Print media especially magazines tend to have somewhat upper-class orientation (and some middle-class too).

Item	A1	E2
Soap	98%	97%
Tissue	40%	<5%
Ghee/oil	72%	88%

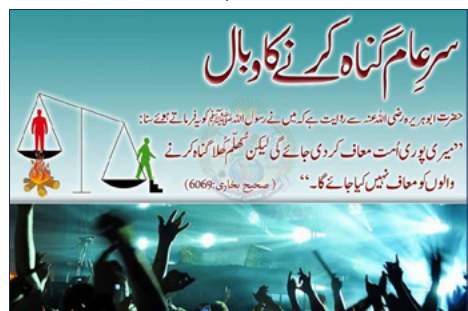
Table 3.1: Social Classes in Pakistan and Product Consumption.

Reference Groups: It refers to a group of people that have an influence on an individual's attitude or behaviour. These may be formal such as clubs or society members, or could be informal as friends or co-workers. Impact and influence of these groups varies based on product category as well as individuals. There may be various reference groups, for example your colleagues may influence you to watch a certain sports such as football as FIFA World Cup while you may have little interest in it. It is human nature that people want to be like someone who is better than them.

Reference groups can be formed on the basis of religion as well. Such inspiring groups or people are called aspirational groups. On contrary there are dissociative groups too. It contains people with certain attributes or habits that are avoided to be followed by masses mainly due to social fear or lack of acceptance. For example, singers are although nowadays called stars or talented individuals by media. However, our ancestors still consider them less privileged and even call them *mirasi* that are equivalent to *bhikari* (beggars) and avoid their company. On the other end some secular and liberal minded people may get offended by religious people. For example, Junaid Jamshed was a very famous singer of Pakistan with huge fan following, especially his national song '*Dil Dil Pakistan*' gained an ever-green status, but then he changed his lifestyle and became known for his '*naat*' (نعت) and religious activities and even own brand by the name of J. (pronounced Jay dot). Although majority of people in Pakistan appreciated this change and considered it a good step, but some of his closest friends really disliked it and avoided him afterwards.



Reference group: While in West singers are respected, but Islamically musical instruments are not appreciated.



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WOM (Word of Mouth)

Mouth): A consumer's interest in a company's product or service reflected in their daily dialogue.



"The best advertising is done by satisfied customers"

- Philip Kotler

(US marketing author) b. 1931



Opinion Leaders:

People who because of their special interest, expertise or other characteristics influence heavily social behaviour on others.

WOM (Word-of-Mouth) Word of Mouth occurs when users of a product or service share their positive or negative experiences with others in their circle. It is the most influential marketing tool that has a lot more impact than any promotional campaign by a company. For instance, if a company claims that their product is the best in the world in a TV ad or on internet too, a consumer may be tempted to buy it but then a friend of his shares that he purchased it but it got damaged within two days. Naturally, he won't trust the claims made by the company in their promotions as brands always praise their products.

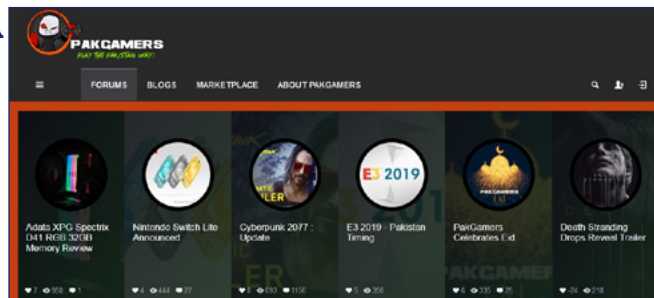
Negative WOM in particular, can be fatal as a satisfied customer shares his positive experience with three people on average, but a dissatisfied one informs many more, almost nine people¹⁷. Often the purpose of teaser campaigns is to initiate conversations among people about the possible product that would be coming up.

Opinion Leaders: People who have high social influence on others because of their special interest, expertise or knowledge about a specific topic are called opinion leaders. For example, a family doctor or a person who is highly involved in sports, a tech-savvy that knows about latest mobile phones. Opinion leaders are usually around 10% of the population¹⁸. Some companies use opinion leaders as 'brand ambassadors'.

Nowadays online sources also influence purchase behaviour as there are many online social networks as websites and blogs where consumers seek info. For example if someone has to buy a car in Pakistan they may go to <https://www.pakwheels.com/> and ask someone or read articles and discussions to know general opinion before making up their mind. There are also specific social group sites as <https://www.pakgamers.com/> where video-gamers of Pakistan gather for discussions and purchases. Such sites are less cluttered and are beneficial



Some websites target specific users unlike mass favoured social media. It allows them to provide specialized services. PakGamers is Karachi based website offering services all across Pakistan.



© PakGamers. Reprinted with permission.

for marketers to find target market of their own interest.

Companies try to use online sources to their advantage by encouraging consumers to upload an advertisement or a picture as selfie to earn reward. This helps them increase their customer involvement and spreading of WOM about their offer. However, at times such campaigns may backfire too. For example, Chevrolet (a car brand) invited customers to make ads, but some angry customers started making ads highlighting lack of fuel economy of its cars¹⁹.

Family: A family is a group of two or more people that are related by blood and marriage living in same house. Most people belong to two families, one is by birth that helps form primary core values and beliefs. Second family is formed after marriage and it also has impact on certain purchases and lifestyles. Decisions made within the family are also dependent on various elements.

Wives have main influence on food-choices, household products and clothing; while men have more impact on car maintenance. Women impact 85% of all family purchases and influence two-thirds of GDP (Gross Domestic Product). Sometimes parents are busy and do not have much time to research, so even kids impact family buying. Marketers have known that brand preferences last a lifetime hence when people 'leave the nest' (get married) they usually do not change brands that they've been using.

Among all cultural and social factors, the most influential is the family. For example, Mu'tasim billah (died 227 Hijri / 842 CE) was eighth caliph (خليفة) of the Abbasid Empire. He was never interested in studying since childhood but his father Haroon Rasheed emphasized on his education after all "best gift a father can give to his child is education". After Haroon, his son Ameen and then Mamoon became the caliph. Mamoon near his death thought of the most capable person in his



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Parents. One of the cultural/ social differences in Western nations and Islamic countries is of parents rights.

Most influential group is the family

kingdom that spanned three continents, he couldn't find anyone better than Mu'tasim as his successor. He nominated him and as a result not only Mu'tasim became a caliph but he effectively handled everything and took the empire to its peak during his eight and half year reign²⁰. After his death the downfall started. Mu'tasim's fame is also from an incident, when a female was captured for no reason in Rome and she called for help, a man saw this and had the Caliph informed. Upon reception of this news, Mu'tasim amassed a huge army and rescued her. As we studied earlier that humans are born ignorant. Handling an empire requires the most skilled individual. It was Mu'tasim's father's training, the impact of family that elevated him to this level.

Roles - See how many of the following roles are you into now:

- son/daughter,
- brother/sister,
- nephew/niece,
- uncle/aunt,
- grandson/granddaughter,
- cousin,
- neighbor,
- colleague,
- friend,
- member of a club,
- husband/wife,
- slave of The One,
- member of the ummah ,
- mentor,
- CEO/Manager etc.
- brother-in-law/sister-in-law,

Tip

Create balance. Know which is primary or mandatory role and which is secondary



Lifestyle: The manner in which people conduct their lives including activities, interests and opinions.

Roles and status: Role of same individual can differ according to his authority, which may vary from even the office to his own house. So, a person may have an impact at home if he/she is household head but the same person may be an ordinary employee in company and vice-versa is also possible. Sometimes a person at the managerial position may be taking decisions regarding product purchases for office use but would be living in a joint family system so won't have much role in household purchases.

Personal Factors

Various factors in a person's life impact his preferences, such as age and life-cycle stages. Similarly, occupation and the economic situation of an individual also impact a person's choices for products. A product such as a ball pen may be available for a mere Rs.5, or ten times the price at Rs.50, or 100x the price at Rs.500 or even 1,000 times the price at Rs.5,000 or even more. Same is true for watches or many other products too. Each targeting a different type of customer, but a person also evolves from being a student to self-earner, thus his economic situation changes.

Lifestyle: It is a person's pattern of living as expressed in AIO (Activities, Interests and Opinions). Lifestyle is usually quite consistent and hence provides opportunities to companies to target individuals of similar living style.

Activities mean how to spend time and resources, for example, some people like to spend hours in front of TV as almost 83% population in urban Pakistan owns a TV set and only 17% are TV non-viewers. There is a significant difference in their life-styles as a research found the following, "Results show nonviewers more active than viewers in almost all

forms of activity involving work, child rearing, recreation, personal care, education and social interaction”²¹.

It is also worth noting that productive people do not watch TV. For example, Jim Rohn (d. 2009) a famous American entrepreneur, author and motivational speaker said, “*Poor people have big TVs, rich people have big libraries.*” emphasizing that actual richness is in knowledge.

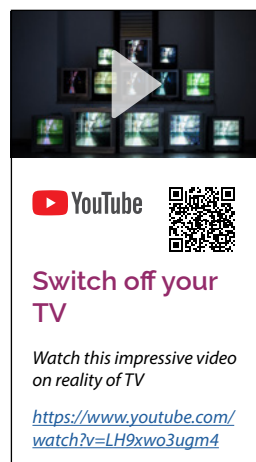
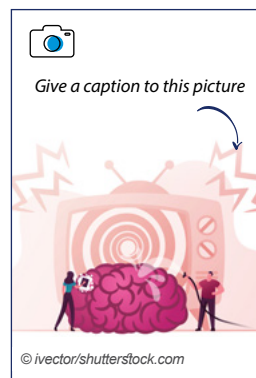
Interests are what people consider important in environment as one person seeks information about a certain sport such as tennis while the other is least bothered by any sports and is interested in real outing. A mother of two children may find cooking, family and shopping toys as her priority. Hobbies are also part of interests.

Opinions are what people think of themselves and the world around them. Some are extremely concerned about Ozone layer, global warming and genocide while others don't care much or justify such things. One may be very curious about politics such as what is going on with the nation's current Prime Minister Imran Khan while other may not even know the names of political parties and dates of elections. It is somewhat like an 'attitude', that is a person's point of view towards something in a consistently favourable or unfavourable way, either positive or negative. Sometimes a health threat also changes people's attitude such as awareness about the dangers of farmed poultry. Marketers can influence attitude, as K&N emphasizes on healthy frozen food that is relatively safer and better. Personal values also influence attitudes as a person who is thrifty shall likely have a positive attitude towards a fuel-efficient car.

Marketers often conduct research about the consumers lifestyle and hence want to know how consumers spend time on various activities, what their interests are and what opinions consumers have about their brand.

Time-style: Another very similar measure to lifestyle is time-style which emphasizes how people spend their time. It has been developed by taking various personality attributes as well as time spending patterns to make a model for people. Feldman and Hornik who coined this term also proposed that time-style should replace life-style²² as time alone pretty much explains almost everything.

Sometimes customers do not have sufficient time to evaluate alternatives so they buy whatever they can get to save time. Marketers also try to bring time urgency by providing promotional offers with limited time offers. For example,





Timestyle is another measure of human lifestyle, giving emphasis to how we spend our time.

"Time is like a sword, if you do not cut it, it will cut you."

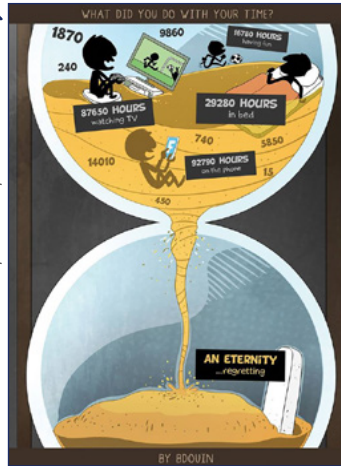
الوقت كالسيف إن لم تقطعه قطعك

- An Arab Saying



Personality: The unique psychological characteristics that distinguishes a person.

Source: The Muslim Show. Reprinted with permission.



you may have seen that you are on a website and an ad would pop-up encouraging you to buy this product within 6 hours and 53 minutes to get 50% off. They are trying to put time-urgency pressure to get some sales.

A large number of service providers also offer their products at discounted rates at off-peak season to balance their load and get more sales. Restaurants

during lunch time and mobile service providers during night hours often utilize off season to make revenue. Although it brings ethical questions, would it be wise to encourage people to stay up all night, so company earns more profit?

Personality is an individual's pattern of consistent behavioural responses to the environment. For example, the whole population can be easily divided into two personality types, extrovert and introvert. A person may be more interested in interacting with others. Such people enjoy parties and gatherings, prefer being in company of friends and are considered extroverts. These are usually two-third of the population. Remaining one third are introverts. They are on the other end of spectrum as they prefer being alone as opposed to the company of people. They are more comfortable being themselves and prefer keeping social interactions to a limit as they prefer remaining silent.

Similarly, there are various other personality traits and several theories developed by psychologists.

Brand personality: There are certain human traits that can be attributed to a particular brand. Sincerity, excitement, competence, sophistication and ruggedness are examples of these traits. Companies themselves also personify their brands. In Pakistan Safeguard is a good example, P&G has personified a soap, they are conveying this message to kids that if this soap would have been a human then its appearance would look like the cartoon character of Commander Safeguard.

Apple once showed ads that had two people, one saying

'I am a Mac' a guy in jeans and joggers and other saying 'I'm a PC', a suited person. These brand personifications allow target customers to associate themselves with brands of their choice. This campaign ran from 2006 to 2009 featuring 66 different ads and is considered as one of the best advertising campaigns of the first decade of new century²³.

Similarly, Lego is a Danish toys brand, for several years it was known for interlocking plastic bricks (blocks). Later on it personified its brand by making human shaped blocks, later they got into video-games, and has now even reached big screen by joint-venture with other brands like DC Comics and Marvel.



Brand personality, although is an interesting concept yet it only influences weak people. Those who think their personal qualities are fixed and cannot improve through self-efforts. Such people often 'like' to follow famous brands on social media and receive updates about promotional messages. On the other hand brand personality has a little impact on those people who believe they can improve. These second type of consumers usually seek ways to block promotional messages as they don't want to be bothered by brands, however, such original people are rare in this era.

Other human attributes as IQ, EQ and SQ: Among other factors relevant to a person, these three are also significant.

IQ (Intelligence Quotient) is a measure of a person's intellectual capabilities. Often people who are sharp get more out of life. While at first it was assumed that IQ is the only measure of success in life, it was proven that there are various other elements as well.

EQ (Emotional Quotient) is what may be termed as people's skill, capability of an individual to get along with others well. It is one of the most important attributes for success and usually people nowadays are falling low in it. It has two dimensions, one of which is the ability to read other's thoughts as some people are good at understanding others only from their facial expressions or body language and get to know even more through words. Such people have a higher EQ. The second dimension of EQ is related to own control of emotions. Some people cannot hide their feelings and it is easy for others to know them, while some are able to suppress their expressions and emotions without giving any hint to those around them. These secondary type of people are high on EQ and it helps them to improve the group working and their own success.



"Verily, in the remembrance of Allah do hearts find rest!"

- Quran Kareem

[Surat-ur-Ra'd 13: Verse 28]



Motivation: Inner drive that encourages people to fulfil a need.

HELPFUL
TIPS

Tip for Consumer - Psychological Trick

Ever wondered why a cloth merchant would open whole fabric roll even when you just ask casually about it? Just to put psychological pressure of buying as a customer would feel bad to not buy from a person who has exerted so much effort.

SQ (Spirituality Quotient) should also not be forgotten, for even the most accomplished people materialistically feel incomplete and hollow inside if they are not connected with The Maker. Suicide cases all across the globe are increasing even among celebrities who seem to have achieved everything but it is all because of the absence of true purpose of life. As it is said, *"Verily, in the remembrance of Allah do hearts find rest!"* (Qur'an 13:28)²⁴.

Psychological Factors

While marketers try to influence consumer's purchase intentions, there are certain psychological factors that may help them further in understanding people. One of these is *motivation* that may simply be defined as an 'activity towards a need/goal'. It is the energizing force that enables a person to make effort for fulfilment of a need. Usually when a need is sufficiently pressing to direct the person to seek satisfaction of that need then it is called *motive (or drive)*. For example, a person is sitting at home and feeling thirsty, but the thirst level is not high enough to force him to get up, walk to the refrigerator and get cold water. However, some time passes and thirst increases to the point that now this person has to give up the task that was keeping him busy and make the effort to go to fridge and drink some water. This state where thirst could no longer be held is called as motive or drive. Psychologists have offered various theories as to how or what motivates a person. Marketers borrow those theories to know how consumers behave.

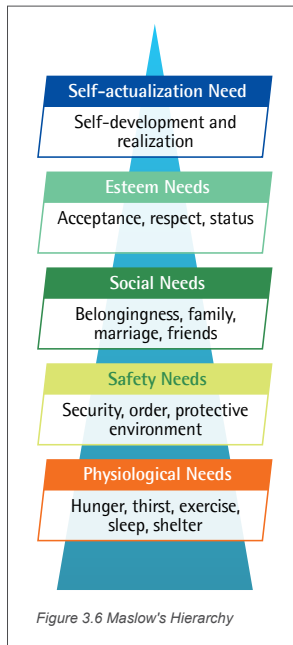
Motivation Theories: Sigmund Freud's theory on motivation says that people are largely unconscious about real

psychological forces. According to him, many factors are at play, that at times people themselves are not sure of the exact reason of why they are performing a certain action. Part of it is true but there are other sayings of Freud that are quite criticized.

Herzberg's two factor theory: This is another theory for motivation, it simplifies everything to just two-factors. Some things are 'satisfiers' and other are 'dissatisfiers'. Naturally, people seek satisfiers and avoid dissatisfiers. Interestingly, money/salary is not a satisfier for workers but instead achievement, responsibility and respect are more important. However, low pay does become a dissatisfier.


Maslow's hierarchy: Maslow in 1943, perhaps for the first time made levels to enlist all human needs. He emphasized that if the basic need is fulfilled then people will become 'motivated' for next level. The five levels he discussed are demonstrated in Figure 3.6.



- **Physiological needs:** (basic needs) These are relevant to body requirements such as hunger, thirst, rest, exercise, breathing, sleep and shelter. These are most essential.
- **Safety needs:** (basic needs) All requirements of a human being that are relevant to feel free from any danger such as security, stress free, order, protective environment. Car alarms and seat belts are targeted at customers seeking to fulfil safety need.
- **Social needs:** (psychological) Desire to be accepted by people who are important to us²⁵. It is the requirement of belongingness and love, friendship, marriage, family, affection. Brands like Facebook are geared to fulfil this need. Greeting cards help you express yourself to those you care about.



Maslow's

Hierarchy: A structure of five need levels arranged in the order in which people seek to gratify (although this theory is criticised)



Ad - Car Alarm

(safety need)


https://www.youtube.com/watch?v=b1M5V2Yc_C8

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DOWNLOAD OR STREAM THIS TRACK TO ANY DEVICE. WORLDWIDE

The person you are in 5 years is based on the books you read & the people you hang around with today.

الإنسان الذي ستكون عليه بعد 5 سنوات يعتمد على الكتب التي تقرأها والأشخاص الذين تتعامل معهم اليوم.

Feed Your Mind with Success (Self-Actualization)

Motivational words are helpful. Watch this 3min. video

<https://www.youtube.com/watch?v=cEEhBmEJMEc>

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- **Esteem needs:** (psychological need) People have a desire for respect and feeling of accomplishment. Having confidence and to be respected by others (feeling useful/needed). For example, Lexus a luxury car brand helps in fulfilling this need of prestige.
- **Self-actualization needs:** (self-fulfilment needs) At the top of Maslow's pyramid is this that a person wants to achieve one's full potential, as Maslow said, "*What one can be, one must be*". It includes morality, lack of prejudice and a requirement of self satisfaction. Reading books for mental growth and gaining education for self knowledge are examples of activities done for personal satisfaction. Lack of prejudice is found at this stage. According to him less than 1% of population reaches self-actualization level.

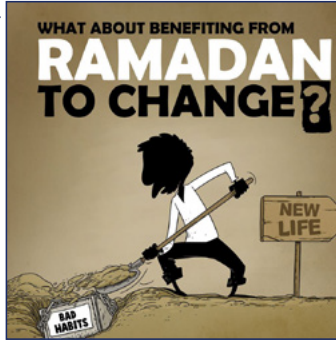
However, Maslow's theory is often criticized as we see in our life that social and 'self-actualization' are powerful forces for which people often by-pass physiological needs.

Example, parents sacrifice their own hunger for their children, this is one of the critical cases of its defiance i.e. hunger (physiological need) is suppressed for fulfilment of love (social need). Similarly, while fasting Muslims remain hungry from *Fajar* till *Maghrib*, it is something that



Maslow's Hierarchy may be famous but it fails to explain why parents sacrifice their hunger for family or why Muslims remain hungry and thirsty throughout the day in Ramadan.

Source: The Muslim Show. Reprinted with permission




Maslow's theory fails to explain.

Maslow re-wired is an amended model recently being talked about that explains that life is not as simple as defined by Maslow rather all needs are connected and hence not necessarily in these layers or level²⁶

Islamic concept of consumption: There are four levels as given by Islam. The first three levels are allowed, however, buying anything for showing-off is prohibited.

- **Necessity (zaroorat ضرورت):** To fulfil a basic requirement example a Rs.1,500 cellphone helps in fulfilling need for communication.
- **Convenience (sahoolat سهولت):** To have convenience



An example of a necessity. Even a low priced Rs.1,500 cell-phone can fulfil the need of communication.




Image by Vigan Hajdari from Pixabay

added along with fulfilling the basic necessity. Example, using a touch-screen phone that saves a lot of time.

- **Luxury (araish آرائش):** Allowed for those who can afford. Such as buying a high end cell-phone like Galaxy Note 20 that is partial alternate to a laptop.
- **Show-off (numaish نمائش) :** It is forbidden even if a low priced item is bought with this intention. Human being is weak and fragile and can barely do a thing him/herself and should be grateful to the one who granted these gifts. Also, many people don't have something so when a person shows what he owns then such people feel more deprived and hurt.

Application of Concept

Maslow's Hierarchy: See for each of the following products at which level of need are these targeted at:

Helmet, Burger, Car Alarm, Donation, Being a CEO, Gift, Book, Michelin 'Because so much is riding on your tires'

Names	Urdu	Explanation	Example
Necessity	Zaroorat ضرورت	Fulfilling basic requirement as 'communication'	A 1,500 Rupees cellphone is sufficient to call and text
Convenience	Sahoolat سہولت	Addition of convenience	A touch-screen smartphone that saves time
Luxury	Araish آرائش	Having extra comfort	High-end phone that is water-proof and with air-action (gesture control at flick of wrist)
Show-Off	Numaish نمائش	To purchase something and be smug about it	Purchasing any phone with intention of impressing others

➤ Table 3.2 Islamic Levels of Consumption

Perception: It is how information is processed. The process by which people select, organize and interpret information to form a meaningful picture of the world.

Two people may react differently to the same product or even brand. For example, in Pakistan people have a certain mindset about Toyota Corolla as compared to Honda Civic. Majority thinks that Corolla is a very solid and durable car that can withstand bumps even in rural areas, hence such people should buy it who visit rural areas often. On the other hand, it is said that Civic is a sophisticated car that is good for moving around within city areas. Now, whether there is any truth to it or not, people have this perception and they would keep on sharing this information with others and even advising them to make purchases accordingly thus influencing market shares of both brands.

Selective perception: The human mind receives a lot of information, so it simplifies and tries to retain only the most important. This is the concept of selective perception that



Perception: The process by which people select, organize and interpret information to form a meaningful picture of world.

has many sub-types:

Selective attention: Attention is a very limited resource so the mind cannot concentrate for a longer period of time and hence it perceives lesser information than what it receives. This is why a consumer who views many ads per day doesn't even notice most of those. For example, a youngster going to university via local transport every day may not notice any billboards about cars because currently he isn't interested in it at all. However, one day his father shares at home that why don't we buy a car. He then has a family-meeting about it, whether they should go for a new or a used Suzuki Mehran. Now, from the next day this person will start noticing every single advertisement of cars and Suzuki's in particular. He'll also start realizing that how many of his neighbours own Suzuki, something that he never noticed before.

Selective distortion: People will interpret information that supports what they believe. Example, Nike aired ads with Chinese Dragons. To us it may seem like an ordinary ad but in China it was criticized for showing dragons which is their cultural and spiritual figure being used to sell shoes. Eventually, those ads were banned²⁷.

Selective retention: The mind will retain only that which is of interest even though it may have seen, heard or read about it in detail but just a few minutes later only very limited information would be left remembered, so most ads would be forgotten real soon.

Subliminal advertising means that you see or hear messages without being aware of it. It may not be perceived directly but the sub-conscious part of the mind notices it and even takes action accordingly. Some deny the very existence of subliminal advertising. However, it has become a hot debated topic raising questions such as would it be ethical to utilize subliminal messages to sell products?

Learning: *Learning* is defined as changes that occur in behaviour as a result of experience. Most of the learning is done through education, training and by reading books. Marketers utilize the learning process for consumers and even attempt to educate how various different needs could be fulfilled and life could be easier if their products are utilized.

A child when for the first time touches anything burning, and feels the pain, he learns the meaning of getting burnt. His behaviour then changes for the future.

"The man who does not read good books has no advantage over the man who can't read them."

- Mark Twain (1910)

American author and entrepreneur



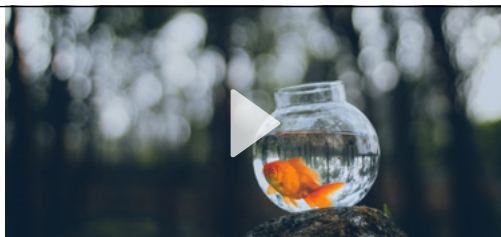
Learning: Changes in an individual's behaviour arising because of experience or knowledge/reading.



Ad - Learn Another Language

<https://www.youtube.com/watch?v=bvGcfPEwEa0>

Photo by Ahmed Zayan on Unsplash



Despite the fact that so many external factors influence a person, still at the end of day it is the 'individual' himself who perceives everything, absorbs it, interprets it, refines it and reacts to it by his own sheer will.

Fuel for Thought

Importance of time, reading, learning and self-actualization



People can achieve greatness by working hard (mostly intellectually) for it by doing things for self-actualization. Take a look at some of our history's great people.

Hakam Sani (Hakam The Second) was one of the Caliphs in Islam who was in love with reading books and used to spend most of his time in it; in his personal library in Qartaba (Spain) he had 400,000 books and probably each of these was read by him (ref: <https://www.britannica.com/technology/information-processing/Inventory-of-recorded-information#ref287320>).

Ibn-e-Jareer (famous mufasssir, muhaddith and historian; author of 'Tareekh ibn-e-Jareer') wrote 358,000 pages in his life.

Allama Ibn-e-Jawzi (597 Hijri / 1200 CE) is one of the most influential figures in Islamic history. He once wrote that he couldn't understand that how best to spend time to achieve greatness. He loved to read and gain knowledge about everything but life is very short for it. He then said that if he spends all the time reading he wouldn't get the opportunity to spread what he has learnt. If he spends time in delivering sermons then he would feel that he was missing on the opportunity to write books that would benefit others after his death. If he writes books then he felt that he was missing time for family and raising pious kids who would be a source of blessings for him after his death. If he would give time to family then he loses on time to think and concentrate on The Creator's gifts. In other words giving time to either activity comes at

the cost of another.

So, check your own time spent and see how much time are you giving to these things?

1. Ibadaat (Prayers, reciting Quran etc.)
2. Attending sermons / reading books (for personal development)
3. Mentoring/dawah (transferring what you have learnt to others)
4. Writing books (this level is achieved once enough learning/reading has been done)
5. Family (sitting in front of TV with family does NOT count)
6. Thinking (about The Maker as well as about the impact that you can make to connect creations with The Creator)



Photo by chuttersnap on Unsplash

"Knowing
others is wisdom,
knowing yourself is
enlightenment."

- Lao Tzu

Founder of Taoism
(600 BCE–531 BCE)

Responsible Consumers

It is a term designed for those consumers who are concerned about the environmental well-being and who take initiative to help the society survive in long-term. They usually support social causes, discourage excessive consumption, and even boycott products of those companies that are irresponsible. A term used for such people is LOHAS "Lifestyles of Health and Sustainability", that is a *"responsible consumer segment that focuses on health and fitness, the environment, personal development, sustainable living and social justice."*²⁸

Chapter 3 Epilogue

KEY-TERMS



Consumer: The end user of the product, who actually utilizes the product himself. (p-106)

Convenience Goods: A consumer product that is usually bought frequently, immediately and with minimum comparison and buying effort. (p-106)

Shopping Goods: A consumer product that a customer usually compares on attributes as quality, price, suitability and style. (p-107)

Speciality Goods: A consumer product with unique characteristics for which a significant group of buyers is willing to make a special purchase effort. (p-107)

Unsought Goods: A product that the consumer either doesn't know about or knows about but doesn't normally consider buying. (p-108)

Impulse Buying: Spontaneous purchase of a product without any pre-planning. (p-109)

Buyer/Consumer decision process: A consumer's decision making steps from recognizing need, searching for information, evaluating alternative products/brands and purchasing. (p-109)

Information Search: Second stage of consumer decision process in which consumer collects information. (p-111)

Evoked Set: The final list of brands that consumer remembers at the time of purchase. (p-112)

Post-purchase Behaviour: It is the last stage in consumer buying decision process, in this phase consumer experiences intense need to confirm the wisdom of that decision. (p-113)

Cognitive Dissonance: Buyer's discomfort caused by post-purchase conflict. (p-113)

Culture: The set of values, ideas and attitudes

that are learnt and shared among members of a group/society. (p-113)

Personal Space: It is an area around a person in which intrusion causes discomfort. (p-114)

Social Class: Relatively permanent divisions in a society whose members share similar values. It is usually on basis of education, occupation or type of neighbourhood (p-116)

WOM (Word of Mouth): A consumer's interest in a company's product or service reflected in their daily dialogue. (p-118)

Opinion Leaders: People who because of their special interest, expertise or other characteristics influence heavily social behaviour on others. (p-118)

Lifestyle: The manner in which people conduct their lives including activities, interests and opinions. (p-120)

Personality: The unique psychological characteristics that distinguishes a person. (p-122)

Motivation: Inner drive that encourages people to fulfil a need. (p-124)

Maslow's Hierarchy: A structure of five need levels arranged in the order in which people seek to gratify (although this theory is criticised) (p-125)

Perception: The process by which people select, organize and interpret information to form a meaningful picture of world. (p-127)

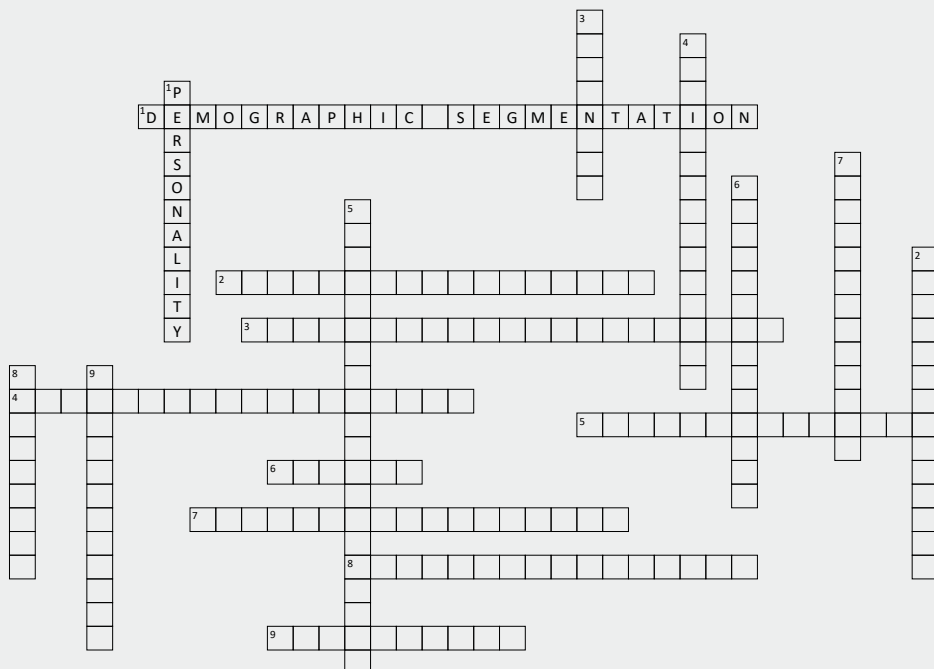
Learning: Changes in an individual's behaviour arising because of experience or knowledge/reading. (p-128)

Crossword Puzzle (Ch-2 & 3)

Marks: 15

Time: 20 minutes

Areas covered: STP & Consumer Behavior (Ch-2 & 3)



NOTE: Leave one box empty for 'key-terms that have 'two words' as shown in sample solution of 'demographic segmentation'.

Across

1. Dividing the market into groups based on variables such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, and nationality.
2. Products that consumer purchase frequently and immediately.
3. To (target market & need) our (brand) is (concept) that (point of difference).
4. Second step of buyer decision process.
5. Targeting all consumers with one offering, ignoring the differences among various market segments.
6. A need that is sufficiently pressing to direct the person to seek satisfaction of the need.
7. Social and 'self-actualization' are powerful forces for which people often by-pass physiological needs; this criticism is on _____.
8. Stage of buyer decision process in which consumer realizes that he/she requires something.
9. A group of people that share similarities different from overall culture. It can be on basis of nationalities, religions, racial groups and geographic regions etc.

Down

1. Unique psychological characteristics that lead to relatively consistent and lasting responses to one's own environment.

- Consumer product types that require careful selection on basis of quality, price, style and suitability.
- Human behavior changes as a result of experience
- A graph that shows the place a product occupies in consumers' minds on important attributes relative to competing products.
- Buyer discomfort caused by postpurchase conflict.
- People who because of their special skills, knowledge, personality or other characteristics exert more social influence on others.
- Recommendation or negative opinion by a close friend/colleague etc.
- A person's pattern of living as expressed in his/her psychographics (AIO: Activities, Interests & Opinions).
- _____ is measured by a combination of variables as income, education, residence, occupation etc.

Keywords (not all may be used)

Opinion Leader	Mass Marketing	Behavioral Segmentation	Demographic Segmentation
Positioning Map	Positioning Statement	Social Class	Word Of Mouth
Niche	Convenience goods	Safety Needs	Cognitive Dissonance
Learning	Personality	Lifestyle	Culture
Maslow's Hierarchy	Motive (drive)	Need Recognition	Information Search
Shopping goods	Subculture		

Culture, Sins & Multinationals

Marks: 25

Time required: 4+ hours

Learning Objective: There are a lot of cultural differences as one thing such as alcohol (wine), adultery (fornication / *zina*), interest (*soud* سود) or throwing parents in old houses may be taken as a norm in one country but is considered one of the biggest sins (*al-kabair*) in Islam and hence in Muslim countries. Thus knowing about these major differences is extremely important from practical point of view. Besides Allah (سُبْحَانَهُ وَتَعَالَى) has said: If you avoid the Major Sins we'll remove from you your lesser sins and admit you to a noble entrance into paradise. [Quran 4:31]

Details: No Word or PowerPoint submission, instead it has to be hand-written on a chart with multiple different colours and extra objects attachment. Be creative to make it attractive. It can be in Urdu or English or bilingual. Marks will be added after chart submission and viva.

Q1. Watch: The 70 Major Sins in Islam ----- (8 marks)

(video) <https://www.youtube.com/watch?v=C5ACV4EpcZU> [20min.]

List **twenty-five** (25) sins that you think are most common and briefly explain each. Note: You may use a table or bullets style or infographics style with one line explanation of each.

Browse the **book Al-Kabair (Major Sins)** by Imam Zahbi for remaining questions:

Urdu translation (Kabira Gunah): <https://ia800600.us.archive.org/35/items/BestUrduBooks717/KABIRA-GUNAH.pdf>

English translation: www.islamguiden.com/arkiv/majorsins.pdf

Q2. Disobedience to Parents ----- (5 marks)

[sin # 8; page-61 to 72]. Children rights in West are expanding as a result old houses are a norm there.

Parents can be arrested by police for mistreating children. Such culture is demonstrated very aggressively in their media, movies, video-games etc. Compare it to what Islam says about parent's rights and disobedience in detail with incidences like the one of Alqama RA.

Q3. ----- (12 marks)

Pick up **four** 'sins' of your own choice that you think are more prevalent in society and elaborate in detail.

[3-marks each]

OR / Example

- Accepting Usury (interest / soud):** [sin#12; page-94 to 98] Banking sector is one of the fastest growing in both Pakistan as well as internationally. Many banks even in Pakistan are totally based on interest with the exception of very few Islamic Banks. Similarly, various retailers sell on installments and then add interest. So, share the severity of 'interest' in Islam. [3-marks]
- Resemblance with Opposite Gender** [Sin # 35; page-205 to 209]. Some brands have now even begun to offer lipsticks for men as they don't see any gender difference. Similarly various clothing brands promote men's dresses to women, as a matter of fact for many people it has become an accepted social dress. Read and elaborate in detail all dimensions and advice about issues of resemblance with opposite gender. [3-marks]
- Being Fearless of Allah's Devising** (plan/punishment/saza) [sin#63; page-354 to 359] A brand encouraging people to sin, such as singing events or a TV program spreading immodesty is being fearless and blind to Allah's plan for them. Enlighten in detail what it means and elaborate with incidents provided in book such as about Iblees and Hazrat Jibrael & Mikael AS. [3-marks]
- Leaving Congregation Prayers (Jamat) and/or Juma** (this sin is relevant to men only) [sin # 64&65; page-360 to 365] Many brands would promote activities such as even sehri and after or birthday parties where there would be no concept of namaz let alone with jamat. Share your opinion in light of what is written. [3-marks]

Plus: You can also try learning a free infographics software to design one page information summary such as <https://piktochart.com/>

Consumer Behaviour

Marks: 10
Approx. time required: 2-3 hours

Q1. TV Non-viewers Lifestyle ----- (6 marks)

- There are 17% urban TV-nonviewers in Pakistan. With TVs diffusion the advertising budget being spent on it is reducing rapidly, such people are expected to increase. Now read the following article and write in your own words summaries of any two or three benefits (as given under different headings) of not watching TV [300+ words] (4 marks)
- <https://wealthygorilla.com/reasons-to-stop-watching-television/> Also read "how to stop watching TV" that are at the end of this article and also browse one to two of the options write a paragraph on what kind of lifestyle (especially time-spent on activities) do TV non-viewers have? [150+ words] (2 marks)

Q2. Buyer Decision Process ----- (4 marks)

Explain 'decision process' via an item that you purchased (preferably high involvement). [200-250 words]

Learning Objective: To learn about a different lifestyle and to apply buyer 'decision process' from their own purchase which should help them remember the concept.

Sample Response for Answer # 2:

I recall my purchase of shoes.

Need Recognition: My previous shoes were wearing off so I needed something for safety of my feet as well as for maintaining professional outlook while in the University.

Information Search: My main source of information was internal as I'd previously bought Hush Puppies and UrbanSole. I had an excellent experience with Hush Puppies but recently I came to know through a relative (personal+WOM) that UrbanSole has some discount offer (commercial) so I visited its shop and examined and handled (experiential source) one of its shoes that felt very comfortable. Before finalizing my purchase I also consulted my brother who had recently bought Caterpillar for his review and experience about it.

	Ease of use	Design	Comfortability	Quality/Durability	Price
UrbanSole	Very good	Excellent	Very good	Good	Average
Hush Puppies	Excellent	Average	Excellent	Very good	Average
Caterpillar	Good	Excellent	Very good	Very good	High (poor)

Evaluation of Alternatives: There were other brands that I hear on and off about as Bata and Service but I don't have many expectations from those so didn't add those in my evoked set.

Purchase Decision: I went to buy Hush Puppies but came to know that the design I was looking for was no longer being manufactured (unexpected situational factor) so I bought UrbanSole which was next best product in my information search.

Post-Purchase Behaviour: Cognitive dissonance was suffered by me as I don't feel very comfortable with my shoes every time I wear those. It is an issue that I have with UrbanSole; Hush Puppies didn't had this issue but lacked an excellent design.

Responsible Consumer

Marks: 10

Approx. time required: 2 hours

Article-1. ----- (5 marks)

This article 'How to be an ethical and responsible consumer' is a good read. Summarize it. [250+ words]

<http://simpleorganizedlife.com/how-to-be-an-ethical-and-responsible-consumer/>

Article-2. ----- (3 marks)

With motivation to be a 'responsible consumer' read the article about 'health risks of fast-foods' at following links and summarize it. [150+ words]

http://www.american.edu/media/news/20151019_Kogod_Russell_Fast_Food_Study.cfm

Article-3. ----- (2 marks)

Here is another article on dangers of fast foods, you can either summarize it. [100+ words]

<http://healthyeating.sfgate.com/statistics-health-risks-eating-fast-food-3290.html>

OR

Read health benefits preferably of any fruit or vegetable etc. or drinks that can be made by utilizing these. Or just read any article that appeals you at following link and summarize it: <http://www.eatingwell.com/> [100+ words]

Learning Outcomes: To make participants think about the dangers of some top products and brands in fast food category, realize importance of own health and to become better, ethical and responsible consumer.

Role Models

Marks: 10

Approx. time required: 5-6 hours

Whatever an individual is inspired from, it influences his/her behaviour. There have been some people in our Islamic history who single handedly fought against trials and helped the entire ummah. Syed Abul Hasan Ali Nadwi (1999 AD) wrote about such people in his book, '*tarekh-e-dawat-o-azeemat*' (English: 'Saviors of Islamic Spirit'). It is one of the most inspirational books ever written and contains motivating stories of the best people to have lived on this planet in past 14 centuries.

Its volume-1 is available online. Reading good books is a great habit. Read about individuals that inspire you and while reading keep highlighting/underlining important events, stuff etc. to summarize in end and share with others. <https://islamicbookslibrary.wordpress.com/2010/10/29/1323/>

1. Hazrat Umer Bin Abdul Aziz (page-31 to 52),

Hazrat Umer Bin AbdulAziz (101 Hijri / 720 CE) was ruler of the then largest empire world had ever known; it spanned several countries but he used to live in a very small house that had no furniture except for one broken chair. In mere 2.5 year of his rule he brought justice, peace and prosperity all across that world remembers him almost 1300 years later.

His wife Fatima was princess by three links as she was daughter of a caliph, sister of a caliph and finally her husband also became a caliph but she also lived a very simple life. She didn't even have a single piece of jewellery with her.

2. Hazrat Hasan Basri (page-53 to 68),

3. Imam Ahmed Bin Hanbal (page-84 to 102),

Imam Ahmed bin Hanbal (271 Hijri / 884 CE) is one of the four Imams who's fiqh (jurisprudence) prevails to date and at the same time he wrote Masnad Ahmed which consists of 14-volumes and has 30,000 ahadith (largest hadith book ever written). But besides these honors he stood against Abbasid caliphs which was world's most powerful designation of that time denying the statement 'Quran is created'. Upon his death because of his works and courage over 1.3 million people arrived which is the largest funeral gathering in recorded history.

"I consider everyone better than me because I assume he is a sinner and I know that I am a sinner."

- Imam Ahmed bin Hanbal

4. Abul-Hasan Ash'ari (page-103 to 118),

5. Imam Ghazali (page-130 to 196),

6. Sheikh Abdul Qadir Jilani (page-197 to 224),

7. Allama Ibn-e-Jawzi (page-225 to 251)

8. Noor-ud-Din Zangi Et SalahudDin Ayyubi (page-252 to 286),

9. Izzud-Din bin Abdus-Salam (page-287 to 302),

10. Maulana JalaludDin Roomi (page-335 to 400).

Provide a short article on any TWO that appealed you most by sharing your understanding on them. Try to organize under various headings. Also, add snapshot of at least two to three of your favourite parts from the book. **[1,000+ words each]**

Optional: Buy the actual book in printed form and share the source/shop from which you bought and the book with your notes taken on it for extra marks. **(+ bonus)**

Case: Buying a Car

Marks: 10

Time: 60-70 minutes

Dawood's mind was wondering which car to buy and it had been so since last three months. At first two cars came in his mind but more advices he seek more options were revealed to him. He had completed his education and had been working since last 6-years now. His primary means for transportation had always been his motorcycle that his father gifted him during his masters for his university travelling requirements. Fortunately he got a job in a company that wasn't far from his home, so he never needed a car except for during rainy days etc. However, he got married last year and with every passing day thought that having a car could help visit with all family with convenience.

He lives in joint family with his parents and elder brother etc. A couple of years ago his elder brother purchased a 2007 Honda Civic for just under Rs. 10 lac (1 million). It was surprising for whole family because price of a new Civic was around Rs. 25 lac (2.5 million) and even mere 800cc Suzuki Mehran was above Rs. 7 lac (700,000). His purchase was satisfactory, so Dawood had to wonder, if he should go for a new Mehran or Cultus a 1000cc car that was now at almost Rs. 12 lac, or should he simply go for a second hand higher spec car?

As he started asking around various alternates kept on coming and his final list (evoked set) kept on changing. Pakwheels became his prime source of research regarding car prices that provided a list of options to trim down search to relevant most queries. Besides, some other websites as CarMudi and even OLX were being used. Secondly, he started asking his office colleagues for suggestions and ideas too.

Economy Cars: One of his neighbours Mr. Mahmood had four very old model cars, when Dawood asked him for a suggestion, Mahmood recommended learning just the basics of a car engine so that in case of any issue one could fix it one self. He saw no reason why they should buy a car above 3 lac, when it is possible to purchase 1980s & 90s cars in just about 2.5 lac range. Although these may consume some time and money in maintenance which would be a hassle but it would still be worth it, according to him. "Why spend so much on any car when 5-people can easily sit in even 2-3 lac Rupees car. **Why not buy four cars out of Rs. 10 lac rather than buying one?**". He would ask them this and leave them speechless. Suzuki's Mehran, FX, Khyber or even Honda and Toyota were conveniently available around this budget. Resale wasn't any issue at all. Only know how of car was needed to ensure that it doesn't get you stuck on a long route etc.

Seven Seat Cars: His best friend Ali was in favour of larger space, he said that if you need to travel with

Care Name	Daihatsu Charade	Honda Civic	Toyota Corolla	Suzuki Khyber
Model	1986	1985	1986	1995
Price	Rs. 2.3 lac	Rs. 2.3 lac	Rs. 3.0 lac	Rs. 2.5 lac
Engine	1000cc	1300cc	1500cc	1000cc

6 or 7 people then your car should have enough seats. His recommendations contained FAW X-PV, Toyota Probox, Suzuki APV, and if possible even Toyota Prius Alpha, which though is expensive but has a very long list of advantages including fuel consumption of mere 18-25km/L. Most of these cars had resale issues as buyers of these types are relatively lesser in Pakistan. "Let's go for a car that accommodates full family, must have seating capacity of seven or eight." Ali's point was appealing to Dawood and for once he did looked at possibility of buying one of these.

Luxury/Sports Cars: His budget was in 10-15 lac range. His wife was in favour of a Mercedes. Although this car was well beyond his budget as even C-class of Mercedes C class was above Rs.90 lac but fortunately for economic buyers prices of luxury products fall manifold compared to others. So, a 15-year old Mercedes

Name	FAW X-PV	Toyota Probox	Suzuki APV	Toyota Prius Alpha
Picture				
Year	2014	2007	2007	2011
Price	Rs. 7 lac	Rs. 11 - 12 lac	Rs. 16 - 18 lac	Rs. 22+ lac
Seats	8	7	8	7
Engine	1000cc	1300cc	1500cc	1800cc

was left at (depending on mileage and condition) just anywhere between 25 to 33% of price of a new one. So, some sellers were selling around 15 lac even those with less than 100,000 km mileage. So, for her as he checked the pros and cons of buying a Mercedes, the pros alone were mouth-watering enough but the biggest con was very high charges if a Mercedes has to be taken to a mechanic, be ready to be ripped. Same was true in case any of spare parts would be needed. Pretty much similar was the case with a BMW 3-series. Although he currently had no children but was a car of 1800cc something he could actually keep with his salary of Rs.80k?

While at such high engine power cars, another one came across his eyes. Mazda RX8, the dream car of most youth of Pakistan. Some custom duties were reduced in Pakistan and since Mazda RX8 has only 1,300cc engine, it gained popularity. Although it still packs over 200hp. Despite its super high speed, 4-people seating capacity, suicide rear doors and reasonable price as compared to any other sports car its demerits were scary enough. Its manufacturing had stopped since 2012 (and rotary engine manufacturing was also rare) which made it by default an obsolete car. But it was not its only con, rather it had a rotary engine which although gave it an impressive horsepower and speed but had a long list of issues and required care unlike any other. If the engine is switched on then it should be kept on for at least 5-minutes, if anyone switches it off and then tries to restart it, it simply won't and could result in bigger problems. It required a lot on its maintenance as a special oil is needed, moreover some oil also needed to be added along with petrol. Even then it was a very expensive car to be maintained, usually delivering 5km / litre. In worst case scenario engine could blow up that would easily cost above Rs.3.5 lac in repairs. Resale was also low as only a handful of people would bother buying this car. Besides he was also concerned what his family might do to him for spending so much money on such an obsolete but still expensive car. All of this left him wondering, was this thing really worth all the hassle and risks? Was it enough value for money?

If he could stretch a bit more then perhaps the impressive fuel economy of Toyota's Prius along with its various benefits as keyless entry that made it almost theft free car, luxury seats, soundless and vibrationless

Name	Mercedes C180	BMW 3-series	Mazda RX8	Toyota Prius
Picture				
Year	2002/3	2002/3	2007	2011/2
Price	Rs. 15 lac	Rs. 15 lac	Rs. 14 - 17 lac	Rs. 16 - 18 lac
Seats	5	5	4	5
Engine	1800cc	1800cc	1300cc	1800cc
Fuel	8 - 10 km / L	8 km / L	5 km / L	18 - 25 km / L

engine might be what he could finalize.

Q1. Elaborate differences in need and want from this case.

Q2. Design value grid for any two cars of your choice (at least one must be from case) i.e. Benefits/Cost. Do you think its benefits outweigh costs?

$$\text{Value} = \frac{\text{Benefits ()}}{\text{Cost ()}}$$

2nd car

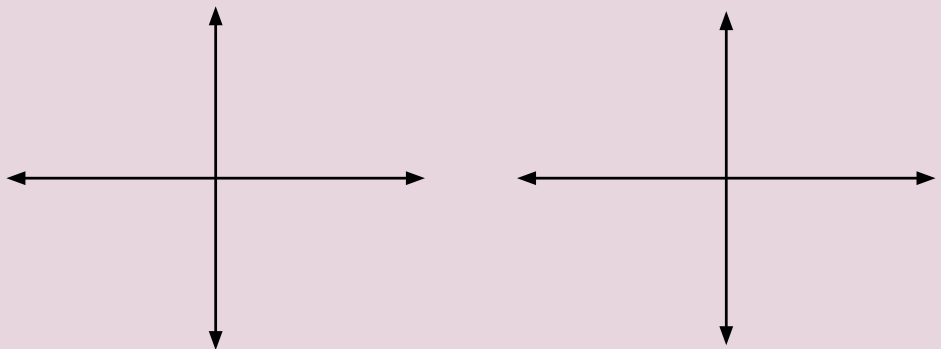
$$\text{Value} = \frac{\text{Benefits ()}}{\text{Cost ()}}$$

Q3. Toyota has multiple different cars, including its famous Corolla, then Prius and brand extension of Prius Alpha (also called Prius V). What is the segmentation type of each? **OR** try for any other car brand of your choice.

Q4. What type of 'consumer good' (unsought, convenience etc.) is a conveyance? Elaborate with reference to case.

Q5. Elaborate first three phases of 'buyer decision process'. What was the need trigger? How he gathered information? How he is evaluating alternatives?

Q6. Create at least two perceptual positioning maps of cars on the basis of two different people as given in case.



Q7. Many dealers import cars and sell those at commission. Consider this business and elaborate steps required and suggest promotional ideas. Export is a better idea for country's GDP growth etc. so try thinking of any product that can be sold in other countries to earn revenue.

Q. (Optional) Try role playing among group members with each playing a different preference as 'the economy buyer', the 'seven seat fan', and the 'luxury' one and see how the conversation goes.





Section 2

MARKETING MIX (4PS)

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Chapter-4

Products and Brands

- 1 Products, Services and Experiences
- 2 Product Components
- 3 Branding
- 4 Brand Naming

Learning Objectives

After reading this chapter you should be able to:

- Understand concepts of product, service and experience
- Know about various components of product
- Understand what is meant by branding
- Know various brand strategies

“

- Walter Lander (c. 1995)



"Products are created in the factory,
but brands are created in the mind"

”



Watch Lecture Video in Urdu (اردو)
<https://youtu.be/WGBVUtqBNJE> [22min.]

Opening Scenario:

Video Games Industry



Image by JESH00TS.com from Pexels

Video games - two words that were non-existent in any mind just a few decades ago, are now played by over 2.5 billion people¹, about one-third of world's population. These games excite, entertain and allow people to play various different roles. For example, a player may be a hero or a villain, a wrestler or a referee, a thief or a policeman, might skate, perform stunts on a bike, race in a sports car, pilot a plane, jump from heights on a parachute, ... all in all video games are an amusement that have grabbed the world's attention and have now begun to rival the entire film industry with their production budget and spending.



Photo by Anthony from Pixels

Console wars and generations: Home video games started in 1976 during second console generation and became famous the next year as Atari launched its video game console and within three years became a \$2 billion company. However, lack of product innovation left Atari to its death.

Meanwhile, computers become popular in mid-80s and many people got involved into computer gaming. Nevertheless, video game consoles during their third generation offered superior graphics which kept the console market alive with Nintendo as its new market leader in 1980s, at that time competing with its rival Sega. In the next generation of console wars, Sega with its Genesis (a 16-bit machine) gained almost 60% market share. However, as PLC (Product Life Cycle) of 16-bit gaming consoles reached decline, then Sony jumped into the video gaming industry with its 32-bit console PlayStation (PS) in 1994 at start of fifth console generation. Sega launched Saturn in 1994 but this console failed against its competitors, Sony and Nintendo's N64 mainly because of higher price as well as lack of compatibility for third-party developers, since Sega was itself primarily a game maker.

PlayStation had flexibility for developers in this regard and by 1999 it had about 8,000 video games and PS became the first video game console to sell over 100 million (10 crore) units. Its graphics also appealed to adults and over 30% customers turned out to be above 30 years of age. On the other end Nintendo's consoles remained primarily for kids and tweens.

Sixth console generation started with Sega's Dreamcast in 1999, a massively successful 128-bit machine that wiped sales records of both Sony and

Nintendo as it sold 1.5 million units (15 lac) in just four months. However, this recrowning of Sega was very short-lived because in 2000 Sony launched PlayStation-2 that remains the highest selling console of all time with over 155 million (15.5 crore units sold), a record far ahead of any other console as of 2020. Besides this, Microsoft also entered the gaming market with Xbox in 2001. At this point Sega decided to quit the console business realizing that it cannot compete with these giants.

In the seventh generation of consoles competition remained among Sony's PS3, Microsoft's Xbox 360 and Nintendo's Wii. During this console wars Wii had an advantage again mainly because of its larger target market instead of only targeting mature gamers.

In eighth generation of consoles Sony's PS4 and Microsoft's Xbox One were both launched in 2013, while Nintendo's Switch joined the race in 2017. Sony remains the leader in terms of total unit sales of 106 million



Image by Csaba Nagy from Pixabay

but Nintendo's Switch is fast approaching with 51 million units sold as of Feb 2020² although it was released in 2017 - four years after PS4. According to Newzoo (a global games market research company) report for 2019, consoles (all three PS4, Xbox One & NS combined) have 32% market share while PC games have 23% and mobile and tablets with combined 45% have become largest gaming segment³. Total spending is estimated to be 152 billion dollars for 2019, coming from 1 billion paid gamers. It is already much larger than box office (cinema) movie revenue of mere 41 billion dollars in 2018⁴ although still behind the total movie industry of 268 billion⁵.

Esports or gaming tournaments and their prize money is also becoming a very fast growing trend and a revenue stream especially for those

developers who are primarily providing free games.

Video game development software: Size of the video gaming industry is over 100 billion dollars, however, for development of games some software is needed. Most of the famous video game companies use their own software, but a number of small companies are now utilizing video game development engines. Two famous companies are Unity with almost 48% market share and Unreal Engine with 13% market share⁶. Unreal Engine has been used to develop games like Fortnite, PUBG, Borderlands, Darksiders III, Final Fantasy VII 4, Mortal Kombat 11, Fighter V, Tekken 7, Mass and many more. Unity 3D has been more successful among indie (independent) game developers for games as Overcooked, Ori and the Blind Forest, Angry Birds, Temple Run, Wasteland, Inside, Hearthstone and Cuphead to name a few.

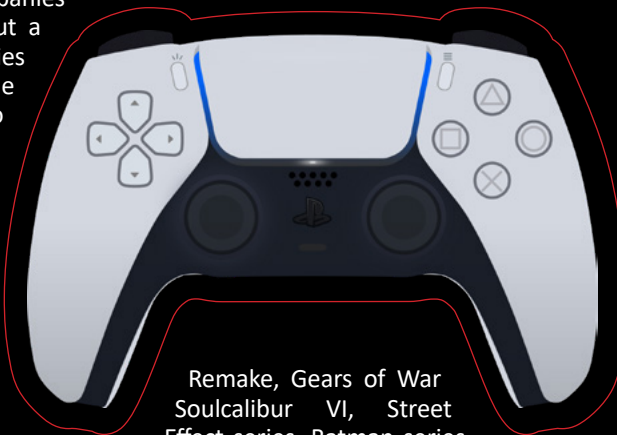


Image by everest_design from Pixabay

Fortunately, both these leading software are free to download and to develop games, they only charge once your game starts gaining certain revenue. Thus, nowadays various indie (independent) game development houses are opening up and utilizing one of these pieces of software. Even in Pakistan with kids as young as 17-year old are developing successful games⁷ and dozens of indie studios have been launched.

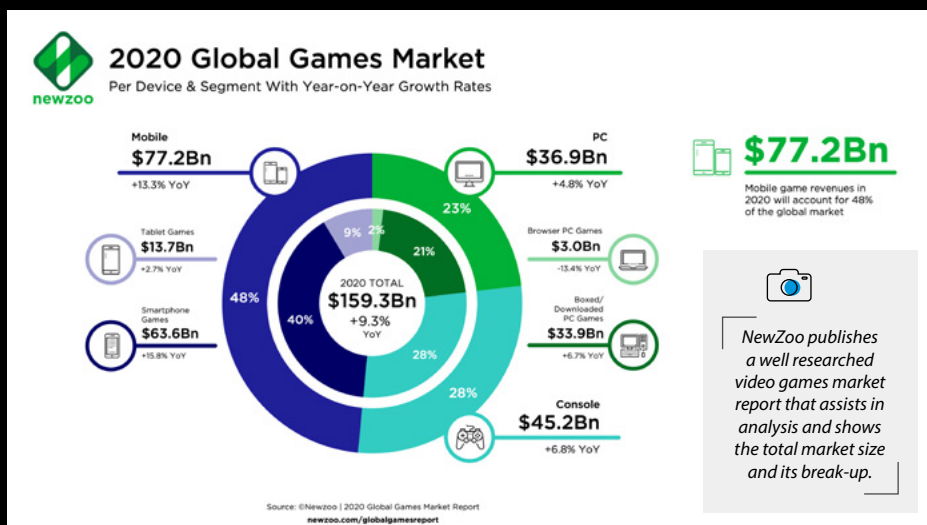


Image credit: NewZoo 2020 global games report.

Mindstorm, a Lahore based studio developed a video game in 2009 that become commercial success, it was named as Cricket Revolution. Another game by them, Whacksy Taxi attained status of no. 1 game in 20 countries⁸.

Cons of games however, must be kept in mind as these are mostly addictive and result in major waste of time too. Not to mention various immodest themes that are lurking in several games leading to various parental guidance ESRB (Entertainment Software Rating Board) rating systems. Besides, games cause obesity and violence⁹. Some games have also been linked to even people's deaths¹⁰.

Furthermore, from an Islamic point of view it should be known that making human imagery is not allowed, as Holy Prophet ﷺ said, 'The angels do not enter a house in which there is a dog or an image of an animate being.'¹¹ However, there are certain limitations under which it is acceptable. Making educational games in particular, is a trend where merger of learning and fun/entertainment is on the rise and video games are a powerful medium that can cash on this trend.

References: Etzel, M. J., Walker, B. J., & Stanton, W. J. (2001). Marketing. 12th edition. New York: McGraw-Hill/Irwin. page-315 to 317.

Gaming industry info

Check the following web-sites:

1. <https://newzoo.com>
2. <http://www.vgchartz.com/>
3. <https://www.wepec.com/news/video-game-statistics>
4. Computer games companies in Pakistan: <https://www.mustakbil.com/companies/pakistan/computer-games>
5. Bestselling game consoles: https://en.wikipedia.org/wiki/List_of_best-selling_game_consoles
6. Statistics of console sales: <https://www.statista.com/statistics/276768/global-unit-sales-of-video-game-consoles/>
7. Console launch prices: <https://kotaku.com/36-years-of-console-prices-adjusted-for-inflation-1485353267>



Sony's Playstation-2, launched in 2000 is highest selling video game console of history with over 15 crore units sold.



Credits: WikimediaImage from Pixabay

Products, Services and Experiences



"The first requirement of effective marketing is a solid product."

- President and CEO of Harley-Davidson



Product: Anything that can be offered to market for sale that might satisfy a need. It is mainly used for tangible goods but is also broadly referred to an idea or service.

As a student chances are that you run your computer via MS Windows, type your assignments on MS Word, deliver presentations on MS PowerPoint, connect with relatives on Skype, play games on Xbox and searching online using Bing. All of these are products and brands of Microsoft.

The central element of a marketing mix is the product, as all other things are revolving around it. Based on the 'product', the other 3Ps, i.e. place, pricing and promotion are finalized. A company's life is often dependent on how well it understands consumer needs and then designs a product accordingly.

A **product** is a specified combination of goods, services or ideas that a company offers to its target market. These products satisfy a need or want. Products are acquired in exchange for something (usually money) so this transaction benefits both parties, one benefits financially and the other gets the product or service.

There is a clear difference between product and service, with the product primarily being tangible (it can be touched like a car) and service being intangible (it doesn't have any physical form that could be touched such as lawyer's service/advice). However, at the end of the day a consumer gets an experience whether it is from a product or a service. Experience represents what buying the product or service will do for the customer. For example, a microwave oven is a product but it provides heating and cooking of food items, hence it delivers a service as well as an experience. An elevator is a product but at the end it helps in transferring a person from one floor to next. Similarly, Readings - a book store in Gulberg, Lahore provides an experience to its customers by allowing them to study for free, whether they choose to buy a book or not. A customer can literally spend hours reading various books and feed his/her mind with knowledge. So, in this way, they are offering a valuable experience to customers.

Difference between Product and Service



Services: Intangible activities or benefits that a company provides to consumers in exchange for money.

Services are non-physical products. For example, a salon offering a hair-cut, a website offering sports viewership, a dentist check-up etc. Services are also used for the need fulfilment of customer and business users. Goods on the other

hand are tangible products that can be touched, seen and have physical dimensions. Ideas are usually the thoughts or opinions and are also intangible.

Services make up almost two-third of the gross world product. Life would be very different or rather difficult without services. We might not be able to use the internet, make a phone call, get education or even use electricity if some companies wouldn't be providing us these services. We use several services on a daily basis whether we realize it or not. For example, just ask yourself how many times in a day do we access internet including social media.

Services can be differentiated from products on basis of following four attributes:

Intangibility: Services cannot be seen or touched, felt, smelled or heard before purchase.

Inseparability: Services cannot be provided without the company's presence. As in cases of goods, products are manufactured then sold to retailers but it cannot be done with a service.

Variability: Service experiences change depending on the timing or even mood of the service provider. For example, a waiter at a restaurant

provides excellent service but if one day his son is not well then his mind might be wandering and he may not be able to serve as effectively as he normally would.

Storage/Perishability: Services are not storable. In case of goods, it is possible to manufacture in advance when there is a higher sales forecast as winter goods can be made ahead of time in summer. However, if a bus-service provider knows that the need for transportation rises from 8am-9am then it is not possible to create extra transportation service overnight and store it till morning.

Products and services do not necessarily fall into one category or another, rather there is a whole spectrum, a grid from pure tangible goods to pure services and lots of offerings having various combinations of the two.



Microwave oven is a product that is tangible.



Credits: Photo by Lisa Fotios from StockSnap.



A doctor's advice is a service that is intangible.



Credits: Photo by Online Marketing on Unsplash

Try generating examples of each in Table 4.1:

Pure tangible goods	Tangible goods with accompanying service	Hybrid offer	Services with accompanying minor goods	Pure intangible service
Soap	Motorcycle with after-sales service	Restaurant	Airline trip with snacks/food	Doctor's exam

➤ Table 4.1 Product and Service Continuum

In cases of services, employee trainings become extremely important because every single experience of customer changes with interaction. If an employee providing the service has rude behaviour then this negative impact directly effects the brand. Company also needs to be nice and caring for employees as their wellbeing is directly linked with profits. All members have to work together as a team to provide customer satisfaction.



Product Line:

Groups of products that share common characteristics, customers or uses.

Product Line

Very few companies in the world sell only one product, most offer a series of related products. These groups of products that are closely related because of their similarity in functions and benefits are called a *product line*. These are often sold to the same customer groups, are marketed through the same types of outlets or fall within given price ranges. For example, Dell's range of laptops.

A company may expand its product line based on wherever it finds gaps in market place. Usually customer requirements give a hint to the company about the types of product lines which should be launched. Product deletion is a process of eliminating one of the products from the product line when it is no longer feasible or viable for the company to produce it. This could be because of a number of reasons.



"The full line is a luxury for a loser. If you want to be successful, you have to reduce your product line, not expand it."

- from "22 Immutable Laws of Marketing" by Al Ries & Jack Trout



Product Mix:

Full set of products (all product lines) offered by a company.

Product Mix (Product Portfolio)

Set of all product lines, each belonging to a different product category is called a *product mix*.

Product Mix Width: It is measured by a number of different product lines. For example, Gourmet offers milk, soft-drinks, ice-cream, etc.

Product Mix Length: Various different products within a line/category. For example, Unilever has four different shampoo

brands in Pakistan. Some companies maintain different types of product lines such as Dettol started as antiseptic liquid brand in UK (currently owned by UK based multinational Reckitt Benckiser). It reached sub-continent in 1933¹², then moved into soap and liquid soap. It has created separate ads for utility of liquid soap.

Product Mix Depth: Number of versions of each product line like sizes, models and colours. For example, Lux variants.

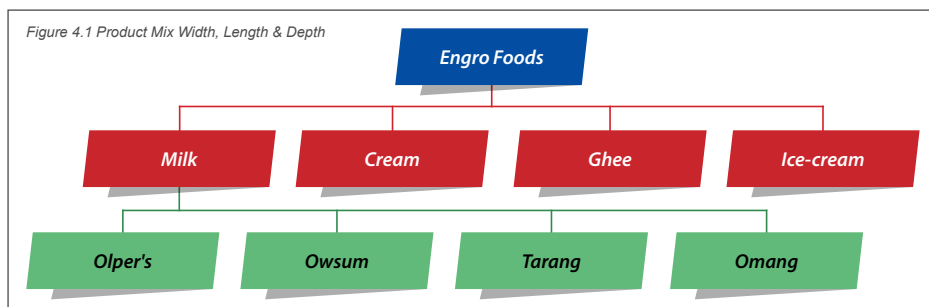
There is some grey zone between the explanations of product mix length and depth. Lines start getting a bit blurry when we compare variants of a car such as VX and VXR that have marginal differences. Some marketers consider it length while others call it depth.

From Figure 4.1, Engro Foods width would be four because of four different product categories i.e. milk, cream, ghee and ice-cream.

Discussion - Product Mix

Browse Nestle Pakistan's website and share:

- Product mix width (no. of product lines)?
- Length (different products within a line/ category)
- Depth number of versions of each product line as sizes, models and colours



Product mix length of milk would be four because of four different brands under same brand name.

Product mix depth would include different sizes as 1.5 litre, 1 litre etc.

Product Components

Levels of Products

Not more than a century ago 'brands' were relatively uncommon, even today in some cases non-branded products are being sold and they fulfil the required needs. Examples of such items are open milk, yogurt, fruit cakes, pulses or commodities. Each product hence fulfils a certain need, for instance, a toothpaste helps keep teeth clean and all



Levels of Product:

There are broadly two layers of a product: 'Core Product' that fulfils the basic need. Other is 'Augmented Product' that contains all other elements such as brand name, quality and features etc.



Pulses are example of non-branded products.



Image by yilmazfatih from Pixabay



Core Product (and value): It is the actual product that provides a certain benefit or value to customer.

Discussion - Product Levels

Suppose PEL (Pak Elektron Limited) launches a new type of bulb that will last longer than ordinary bulbs and energy savers. It will use only one-third electricity while generating same amount of light. This bulb will cost Rs. 400 but will save a lot on electricity bills. Describe the new bulb using levels of product.

toothpastes do that. So, this core product is then enhanced to make it unique. Adding a brand logo and additional feature such as mint flavour would help one toothpaste company to differentiate its brand from others. Marketers hence have basic two levels of products¹³ as shown in Figure 4.2, although some have made upto five levels of products.

Core product (and value): It is the actual product that provides a certain benefit or value to the customer. It is the reason why a product is purchased or even manufactured. For

example, a mobile phone is purchased to fulfil the need of communication. If a mobile phone has dozens of features and has very-high specs but occasionally misses out on calls or fails to send text messages then it would be deemed deficient on the most important feature of 'communication'. A product would be useless to almost anyone without the core value.

Augmented product: This level contains all other elements such as brand name, quality standard, packaging, design, features, warranty, delivery and after-sale services. Besides the core product, a brand's potential rises on the basis of addition of augmented product elements. However, marketers need to concentrate more on service and customer support instead of packaging and features.

For example, a mobile phone provides 'core value' of communication or connectivity and freedom. Based on this Samsung has made its product unique by adding features of using a stylus and curved screen notifications, these are elements of augmented product.

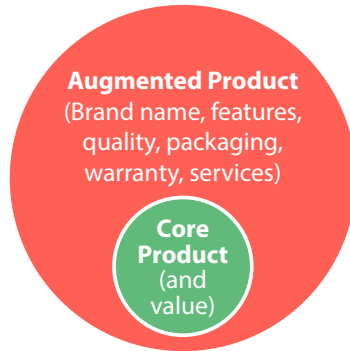


Figure 4.2 Product Levels

Quality

Quality is the degree to which a product meets the requirements of the customers. There are various definitions of quality because it is very subjective and is almost always in comparison to something or to expectations of customer. A number of companies ask customers for feedback and improvements regarding its product. This practice is very

helpful to refine the product quality.

It is said that quality is the single most important factor that helps the product to survive for long in the current global market place. Marketing a poor quality product would backfire very quickly. If an electronics manufacturer sells a product that over heats or a dress that loses colour after first wash, the company shall be penalized by its consumers. Each product should have at least an optimal quality, which means that a product just meets the expected quality standards but doesn't exceed those.

Quality can have many dimensions such as reliability, performance, serviceability, aesthetics and even consistency.

Consistency: As the name says when products are similar, buying one Suzuki Mehran is pretty much the same as another. Although these are not of high quality but do provide the basic function of travelling.

ISO 9002 (formerly 9000): ISO standards were initially developed by Switzerland government to ensure consistent quality of products that are sold and manufactured within Europe but now these standards are used in most countries around the world. Many apparel manufacturing companies such as Levi's and Gap require ISO certification from their suppliers to do business¹⁴. The criteria for getting this certification is a rigorous process and needs various quality checks. Some people criticize ISO as it strongly emphasizes on documentation rather than what is actually happening. So, if a jacket is being made through standard procedures 'on paper' then it is good irrespective of how it is being made actually.

Performance: Products that work really well like Rolls-Royce. Not all companies target highest performance quality, as getting such standards also requires high involvement and initial costs.

Total Quality Management (TQM): Continuous efforts to improve the product and processes is called TQM. It focuses on prevention rather than cure as it is much better to spend and exert effort at initial stages of development than to reject the defected pieces after manufacturing.

The Challenger space shuttle disaster is also an example of poor quality. It was launched in 1986 and it exploded within 73 seconds. The reason turned out to be only an O-ring, just one small component that got damaged at low temperature. Quality tests were never conducted to check its feasibility

”

"Quality is when our customers come back and our products don't."

- Siemens

German conglomerate founded
in 1847



TQM (Total Quality Management):

An organization wide commitment to continuously improve all of its procedures.



under such freezing conditions. This resulted in a loss of over a billion dollars and seven human lives.

On the other hand, Japan's car industry gives a good example of quality standards, as after WW2 the country was in poor financial conditions. Toyota was almost bankrupt but survived and introduced cars in US in 1958 along with Mitsubishi. Although Japanese cars were not perceived of good quality but were fuel efficient and those who purchased these found those cars to be lasting a lot longer without any major repair work compared to American cars. Now, many Japanese car brands have factories in US that supply across the globe.



Benchmarking:

Comparing own company with the best firm in industry, to help improve.

Benchmarking is a practice of comparing business performance and processes with the industry's best companies. At first, there has to be a self-analysis of the company's own strengths and weaknesses so that it may then compare itself to the finest firms in industry. Benchmarking is a common exercise and it allows a company to compare the gap (that exists between their performance and the leading firm) and then attempt to improve its quality.

Features

A unique attribute or aspect is called a feature. A company always has freedom of adding more features whenever needed. Addition of features usually increases the cost and as a result price also rises. This price rise must not be very high, because if features don't add enough value for customer then they won't purchase it. Cars and mobile phones are

prime examples of industries where features bring lots of differences and thus modify a whole product.

Design

A product's design includes styling, aesthetics and functions of the product. Product design improvements are important in giving customer more convenience as it should be easier to use the product. Many companies take into account that the product is designed in a way that is easily and equally usable by disabled, special people, elderly or left-handers as well. Designing a product with such a diversified usage in mind, helps build a product with universal appeal. For example, several years ago Samsung launched the world's first and by far the only single edge-screen mobile phone in 2014 called Samsung Galaxy Note Edge. However, since it had an edge only on the right side, so some critics shared the concern that it is not ideal for left-handed people to be utilized properly. So from next year Samsung started coming up with dual edged screens.



The design also depends on the type of product, as for example in cases of apps, websites and software the developer must ensure that the product is user friendly. A product such as a website would gain negative feedback if a user cannot easily access the required information on it and feels lost from one click to another.

Besides, one dimension of designing is 'style' that is concerned about the outlook or appearance of the product. One of the motives behind a new design may be 'cost-reduction' as well.



Packaging: The container or wrapper of a product including the label.

Packaging

Packaging involves promoting, protecting and enhancing the product. It means all activities of designing and producing the container of a product. Traditionally it was used only to keep the product safe but now it is used as an important marketing tool and can influence a buyer's decision making process as 70% purchase decisions are made in store. Moreover, packaging helps in differentiating a product from others. Many products are purchased by a consumer for which he or she may never have viewed an ad. In such cases, the packaging may serve as an advertisement or a silent sales person. That is why most brands use a combination of colours, font, brand logo and design to convey their brand message through packaging.

Many customers assume packaging to be an indicator of brand quality meaning that a poorly designed or low-quality

packaging represents a low-quality product and vice versa. Nowadays when e-shopping is on rise, it is becoming more important for companies to have an eye catching packaging.

For most consumer goods, packaging should be designed in a way that product can be properly displayed in a store. Although, sometimes large packaging is also

made for small items to minimize the possibility of shoplifting. Heinz (a ketchup brand) changed only the shape of bottle so it may fit in the refrigerator, this move resulted in 12% boosted sales.

Many packaging designs help the product survive for long. Various types of packing make products child-proof, especially medicines where bottle opening caps are designed in a way that those cannot be opened by a child as cap has to



Nestle Nido. Yellow colour of packaging identifies Nido brand while label provides information of ingredients.



© UmairAshfaq/Shutterstock.com

be pressed first before opening.

In product line, companies have to evaluate if they should have exactly same type of packaging or create difference in colour or so. For example, some brands of shampoo use multiple different colours.

Some criticism on packaging: A lot of packaging material is recycled by green consumers because some of the packaging is extra and unwanted especially larger ones, otherwise disposal of packaging is also an issue and leads to environmental waste. Moreover, larger packaging also conveys message of product being in larger quantity, which may not always be the case. This is an example of deceptive packaging. Some packaging is very expensive as in soft-drink cans and perfume bottles which are also somewhat unwanted and unnecessary wastage of resources from both company's end as well as for consumers purchasing these.

Labelling: Labelling is although part of packaging but is somewhat different as it often contains important information, such as sizes of garments and in cases of eatables like chips a label would contain the ingredients, calories and an expiry date. It is most important in medicines as side effects and any other important advice must be mentioned to avoid serious repercussions. Some people have allergies from a specific ingredient and should be informed about its presence in a product. So food-labelling is extremely important and negligence may even cost a consumer life.

Colour

Colour choice is also very important for the company in regards to the product as well as the packaging. If a garment company targeting females, chooses a colour that is not appealing or completely out of fashion, it may result in a disaster.

Each colour has its own impact as can be seen in this image drawn by The Logo Company¹⁵.

Colour scheme:
According to studies, 80% brand recognition increases because of colour consistency, that is why brands try to own a colour and show it permanently in their displays. For



example, even gasoline providers own separate colours like Shell, PSO and Caltex.

How to Use The Psychology of Colours in Marketing?

<https://thelogocompany.net/blog/infographics/psychology-color-logo-design/>



Image credits: Shell. Reprinted with permission.



Brand: The name, term or symbol that identifies a good or service as distinct from all others.

Branding

Brand is a distinctive name, sign, symbol or a combination of these to differentiate a firm's products from another. For example, Mercedes' three-pointed star, McDonald's arc and Toyota's three oval emblem are identities of these brands.

The word brand has been derived from the word 'brandr' (from Old Norse, an ancient German language) which literally meant 'to burn'. Since, many livestock owners used to mark their animals for identification (some people still practice it) that's how the word branding became popular and companies started using own brand names for identification of their products. Branding is the most important and distinctive skill of a professional marketer.

Benefits of Branding

A company chooses to brand its products for several reasons. It helps a company identify its product compared to all the others in the market as brand names are registered. It also allows customers to have a certain trust of quality from that specific name. Satisfied customers of a particular brand like to buy again and again because of their satisfactory experience. Thus having a brand name allows customers to return and hence the company gets more sales. Launch of 'new products' is greatly assisted and a company has to spend less as customers buy on the basis of a brand's repute. For example, Nestle has a long history of making quality food

products. So even when a new product is launched under the brand name of Nestle, then customers purchase it because of the trust they've on the brand Nestle.

A former CEO of McDonald's once quoted, *"If every asset we own, every building, and every piece of equipment were destroyed in a terrible natural disaster, we would be able to borrow all the money to replace it very quickly because of the value of our brand... The brand is more valuable than the totality of all these assets"*¹⁶. P&G purchased Gillette for \$57 billion in 2005¹⁷, although the physical assets of Gillette were worth less than 10 billion but it was the brand name that was valued this much.

Brand Equity

Brand equity is the effect of a brand name on a customer. Brand equity is a measure of strength of the brand in marketplace, as tangible value is expressed in financial terms. For example, a shop keeper has a renowned brand such as Dawn's cake priced at Rs.55 and also has non-branded bakery's cake at Rs.30. A customer willing to buy Dawn's as opposed to a much cheaper non-branded one tells that this brand is worth all the extra price of Rs.25.

Top 100 brands: Brand valuation is a very complex process to make an estimate of a brand's worth. Some companies do that like top 100 list is generated by BrandZ (www.brandz.com) as well as by Interbrand (www.interbrand.com).

 **Brand Equity:**
Market value a brand adds to a product.



Check Top 100 Brands of 2020

See how many of these you already know about.

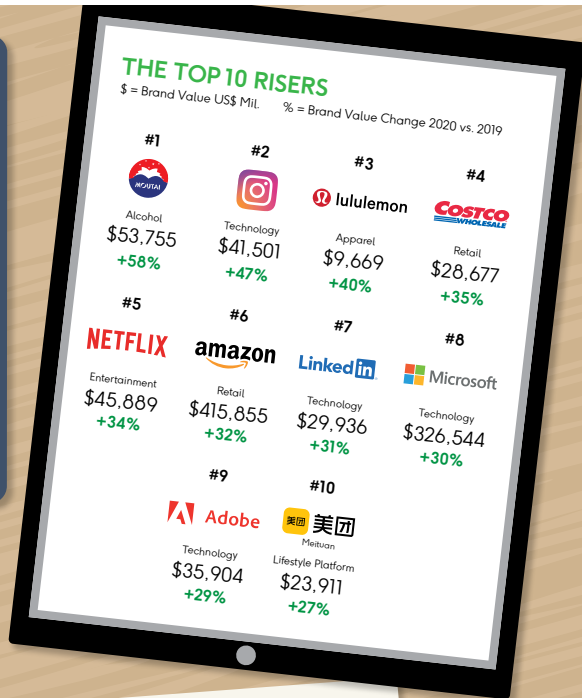
<https://youtu.be/nsv4-42laNw>

Image credit: BrandZ



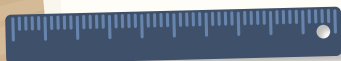
BRANDZ
100 Most Valuable
Global Brands 2020
NEW DAYS • NEW WAYS

Check latest lists on these sites. Here is one as given by BrandZ for 2020¹⁸.



THE TOP 10 MOST VALUABLE GLOBAL BRANDS 2020

= Rank in Top 100 \$ = Brand Value US\$ Mil.



WPP

BRAND CONTRIBUTION TOP 10

= Brand Rank.
Brand Contribution measures the influence of brand alone and is measured on a scale of 1 to 5, 5 being the highest. All brands scored 5.

#1 TikTok Entertainment \$16,878	#2 Coca-Cola Beverages \$71,707	#3 ESTÉE LAUDER Personal Care \$7,048	#4 Cerveza Modelo Beer \$3,326
#5 Pampers Baby Care \$18,502	#6 GUCCI Luxury \$27,238	#7 SKOL Beer \$6,819	#8 Corona Beer \$7,853
#9 BRABMA Beer \$3,733	#10 CHANEL Luxury \$36,120		

Top brands keep on changing every year. This research and analysis of top 100 brands was conducted by BrandZ in 2020.

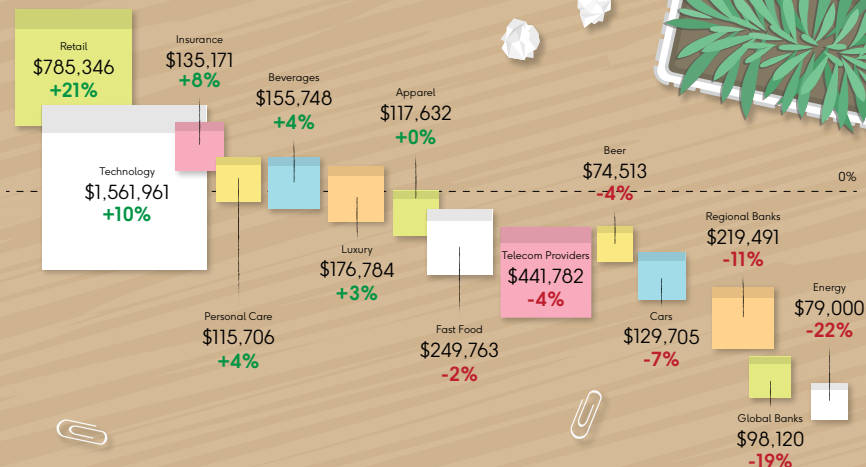
NEWCOMERS

#79 TikTok \$16,878	#86 UnitedHealthcare \$15,799
#97 中國銀行 BANK OF CHINA \$13,686	#98 LANCÔME PARIS \$13,617
#99 pepsi \$13,319	

= Rank in the Top 100
\$ = Brand Value in US\$ Million

YEAR-ON-YEAR CATEGORY CHANGES

% = Brand Value Change 2020 vs. 2019 \$ = Brand Value US\$ Mil.



www.brandz.com

KANTAR



Ad - Attribute Based Positioning

<https://www.youtube.com/watch?v=iXKpGDs-SQk>

Image by PublicDomainPictures from Pixabay.

Brand Positioning Types

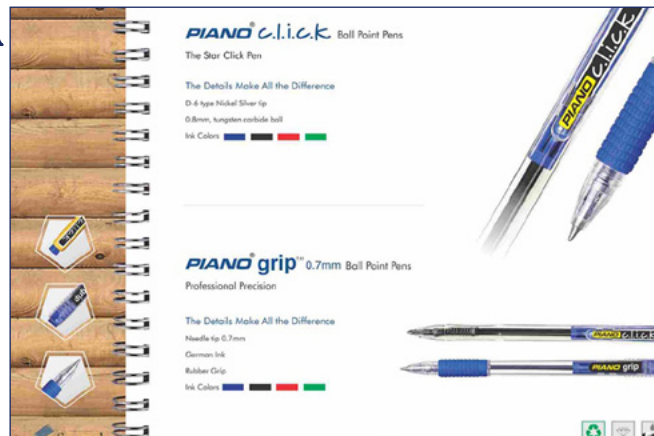
Positioning has already been covered in chapter-2 as it is what distinguishes a brand from another. There are many approaches to positioning such as 'attribute based positioning' in which product attributes are emphasized. Many brands practice it when they talk about a feature of a product. Example, Milwaukee Drill claims to be very 'heavy duty'.

'Benefit based positioning'. A better way to position is to directly tell customers about the benefit they will get by using this product. Sprite's campaign about 'piyaas bujhae' (quenches thirst) is an example. 'Piano Click' clarifies the type of pen that it is and 'Piano Grip' is telling customers the advantage of using the pen that it is easier to hold.

A third approach to positioning is considered very ideal, that is to promote 'Belief and Value'. Positioning on this basis is usually better than just 'attribute' or 'benefit'. For example, Olper's ads emphasize on general happy lifestyle.



Brands based their positioning on different attributes of products as Piano emphasizing benefits of its 'click' pens and 'grip'.



Credits: Sayeed Engineers Limited. Reprinted with permission.

Types of Brands



Manufacturer

Brand: A brand owned and used by the producer of a product.

Manufacturer brand: It is produced and owned by the manufacturer. It is their choice what name they choose, they also have control and responsibility of promoting it. The benefits of customer loyalty are then also reaped by the company. For example, Sony and HP are manufacturer brands.

It is usually sold by retailers but the owner/manufacturer is

a different company as is the case with most brands of the world including most FMCGs and electronic brands etc.

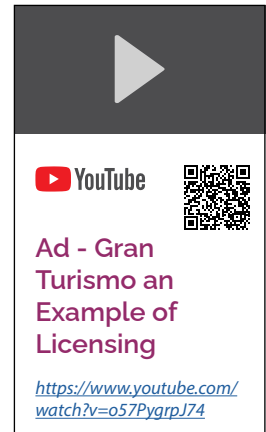
Licensed brand: Companies license their brand names to be used on another product. Such licensing helps in gaining both further brand reputes as well as a lot of cash because of revenue creation. Example, cartoon characters like the 'Powerpuff Girls' on a child's watch. Children toys as remote control cars (Lamborghini, Ferrari etc.). Porsche is primarily a car brand but has licensed its logo to tennis rackets, mugs and even in video games. While it was not possible to think of driving a real car in video games till 1994 but then came Need for Speed that licensed real cars. Eventually, the trend spread and it has gone so far that video games are now car's showrooms and many car brands themselves seek and even pay¹⁹ to video game developers like Gran Turismo for inclusion of their cars.

Store brand (or distributor brand): Store brand is launched and owned by the retailer or reseller of a product. Sometimes a retailer spots an opportunity to sell a product at more profit. In order to avail this chance it launches its own brand, although key sales of this store are still coming from retailing. For example, Metro has launched some own brands with different names, Victoria Departmental Store has launched 'Victoria Rice'.

At times a store itself requests the manufacturer to make one brand for it too. Many manufacturers don't prefer this as they assume it to be competition but some don't mind. They would make same or similar products. So, some products have manufacturer's brand name while other products have the retailer's brand logo posted on it. Many manufacturers do it for extra sales although in store their products may be deemed as competing with each other.

Brand Naming

For global brands it is important to check brand name's meaning in different languages, especially in the most widely spoken languages. It is best that the brand name is easy to be pronounced and ideally if it conveys the product message as well. Waves (a Pakistani home appliances) brand with tagline 'naam hi kafi hai' (name alone is sufficient) is an example that its brand name alone elaborates the types of products that it is making, almost all containing waves.



 **Store Brand:** (also called private / distributor brand) a brand owned by the distributor or reseller of a product, he is responsible for the product's quality and marketing.

Individual Branding vs. Family Branding

An important consideration for a company is to choose how to name the brand of each product launch, in this regard there are two opposite extremes.



Individual Brand:

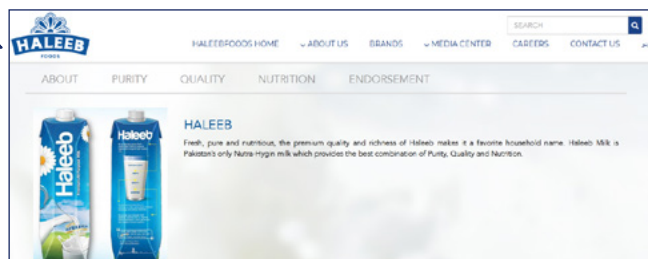
A branding strategy in which products are given brand names that are new and usually not connected to existing brand names offered by the company.

Individual branding: A branding strategy in which products are given brand names that are new and usually not connected to existing brand names offered by the company. For example, P&G has Ariel, Pampers, Gillette, Pantene, Pringles and several other brands, but each brand has a unique name. Same is the case with Haleeb Foods products like Haleeb (milk), Just-Fruit (juices), Flava (flavoured milk), Chaunsa (premium juice) and Asli Desi Ghee.



Haleeb uses 'individual branding' by using different brand names as Just-Fruit for juices, Asli for ghee and Flava for flavoured milk.

Image credit: Haleeb Food's website.
Reprinted with permission.



Launching an individual brand requires finances to build equity for that brand that is why not all companies use it. However, at times individual branding is important because it allows each brand to have a unique identity. Moreover, often the purpose is to avoid brand image mixing up. Like P&G has two brands of shampoos, one is Pantene and other is Head & Shoulders, each has own image and positioning. Furthermore, Toyota upon launch of its luxury brand decided not to use Toyota name that is associated with the middle segment, so it named it Lexus instead of Toyota Lexus.



Family Brand

/ Umbrella Brand:
Using family/company brand name for an entire product line/mix.

Family branding (umbrella branding): A family brand is a single brand name that identifies several products, usually these products are related. One family brand (or also called umbrella brand) is used continuously on all products. Each brand benefits from the parent brand's name. It is easier for a company to promote each item in the line as brand name is already known. Even for a new product launch, there is little company investment as customers trust the new product because of its family brand. Nestle has launched various new products and utilized its name that is associated with quality

food.

However, family branding bears the risk that if there is any issue in one of the products, then any negative publicity would hurt the parent brand name and reputé would go down. For example, Toyota has launched Corolla, Prius, Camry and Fortuner. In case of any issue with any of these sub-brands the brand name of Toyota would also be hurt.

Sometimes companies combine family brand names with an individual brand to gain on the benefits of company's reputé and brands uniqueness such as K&N a well-known frozen-food company/brand launched its first non-frozen product 'Stok', a brand of chicken cubes and used the family brand alongside.

Co-branding

Co-branding is when two brands launch a single product with joint effort and hence has both brand names. Advantage is that this product containing both brand names capitalizes on the customer's trust on both brands. It is very easy to sell such a product but it also has a risk in the form of possible control issues. Since two companies are owner's, there may be struggle of power and control as it is said that there can never be two kings in a kingdom. Nevertheless, several companies do it. For example, Sony Ericsson, Olper's RoohAfza, Acer Ferrari, even Intel's chips on different computer manufacturer's like HP and Dell is co-branding.

Street Fighter X Tekken a 2012 video game that is a typical example of co-branding as Capcom owns Street Fighter brand while Namco has Tekken. Lego and Batman is also co-branding.

 *Co-Branding:* When two different company's work together to put their brand names on same product.

Photo by Cassidy James Bleede on Unsplash



Photo by Esteban Lopez on Unsplash

Sunsilk Fashion Edition: Sunsilk realized that its target market 18-24 year girls find inspiration in opting for a bag, purse or dress of a designer brand. They designed a campaign for the first time in 2013 in Pakistan to give them a chance to win a designer brand, as they collaborated with the top brands of Pakistan. In 2014 and 2019 they added more brands with it. These included FNKAsia, HSY, Khaadi and Sana Safinaz. Consumers were given a chance to scratch and participate in lucky draw²⁰. They created 24 different fashion trend bottle caps²¹ and designed bottles differently representing relevant fashion brand in an interesting co-branding example.

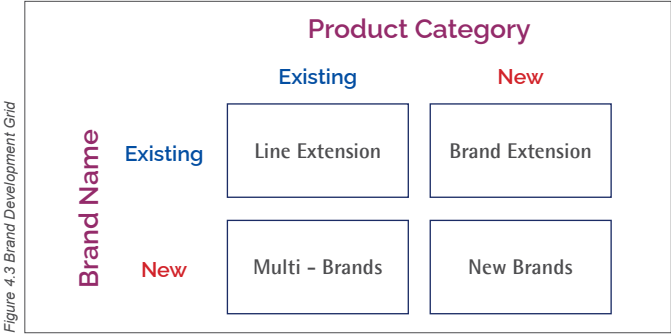


Brand Development

Grid: Growth of a brand by either expanding to new product categories or launching new brands in same product category or both.


Brand Development

Once a brand is established, there are various options on how it can grow, expand or stretch itself. A company can always launch a new brand in the same product category or it can take the same brand name into new product type. We've various examples all around us. Figure 4.3 summarizes four approaches to brand development or brand name choices regarding expansion.



Line extension: When the same brand name is used for an existing product category. Just the same product line is being extended. For example, Bata has launched shoes for school going kids, for ladies etc. all under same brand name as well as same product category.

Brand extension: When a company uses the same brand name in new product categories. Example, Maggi was into noodles first then launched ketchup using Maggi's name. However, if a brand is stretched too far, especially away from its core products then brand may be weakened as it may fail to grasp any specific identity in any product category.



Brand extension examples can be found from various games that are extended to movies, key-chains, toys etc.

Multi-brands: When a company opts for multiple brands in same product category as P&G has Head & Shoulders and Pantene, both are shampoos (same product category) but with different brand names. Engro has Olper's, Olwell, Owsum etc.

Fighter brand (sometimes also called flanker brand): It often happens that one company comes in competition by some low-price brand. If they reduce their price they end up losing profits and if they maintain price then they lose the market share which also results in lesser profits. So, in order to deal with such situations they launch a new low-price brand to compete within that price conscious segment, such a brand is called as fighter brand. Jang group launched its fighter brand Daily Awaz that is slightly lower priced.

New brands: Microsoft purchased Skype; a new product category and a new brand name. Engro Foods initial launching Olper's (a new product of UHT milk from fertilizer business).

A company is not bound to select only one of these branding strategies, rather it can choose any one or more based on what it sees is viable and beneficial. A brand needs to be cared for whether it is of a company or an individual. Just like companies an individual is also responsible for his/her own a brand that is built based on his/her actions and words.

Chapter 4 Epilogue

KEY-TERMS



Product: Anything that can be offered to market for sale that might satisfy a need. It is mainly used for tangible goods but is also broadly referred to an idea or service. (p-148)

Services: Intangible activities or benefits that a company provides to consumers in exchange for money. (p-148)

Product Line: Groups of products that share common characteristics, customers or uses. (p-150)

Product Mix: Full set of products (all product lines) offered by a company. (p-150)

Levels of Product: There are broadly two layers of a product: 'Core Product' that fulfils the basic need. Other is 'Augmented Product' that contains all other elements such as brand name, quality and features etc. (p-151)

Core Product (and value): It is the actual product that provides a certain benefit or value to customer. (p-152)

TQM (Total Quality Management): An organization wide commitment to continuously improve all of its procedures. (p-153)

Benchmarking: Comparing own company with the best firm in industry, to help improve. (p-154)

Packaging: The container or wrapper of a product including the label. (p-156)

Brand: The name, term or symbol that identifies a good or service as distinct from all others. (p-158)

Brand Equity: Market value a brand adds to a product. (p-159)

Manufacturer Brand: A brand owned and used by the producer of a product. (p-162)

Store Brand: (also called private / distributor brand) a brand owned by the distributor or reseller of a product, he is responsible for the product's quality and marketing. (p-163)

Individual Brand: A branding strategy in which products are given brand names that are new and usually not connected to existing brand names offered by the company. (p-164)

Family Brand / Umbrella Brand: Using family/ company brand name for an entire product line/ mix. (p-164)

Co-Branding: When two different company's work together to put their brand names on same product. (p-165)

Brand Development Grid: Growth of a brand by either expanding to new product categories or launching new brands in same product category or both. (p-166)

New Story Videos

Marks: 10

Approx. time required: 3-4 hours

Q1. How to create Whiteboard animation video ----- (5 marks)

www.youtube.com/watch?v=30Zh91WR90 Learn and apply on a brand or for idea/social marketing.

Q2. Learn how to use Pow Toon----- (5 marks)

<https://www.powtoon.com/tutorials/>

Need for Family Entertainment

Marks: 15

Time required: 3 to 4 hours

Requirement: Approx. 1,500+ words

Entertainment industry is one of the largest industries of the world. In 2021 world-wide entertainment and media industry is estimated to exceed 2 trillion US dollars in size²². Nevertheless, there is a need for entertainment that is both amusing as well as morale boosting.

ANIME

1. Death Note (anime video; ethics, supernatural, mystery) ----- (200+ words; 2-marks)

Watch this second episode. [20 min.] <https://www.wcostream.com/death-note-episode-2-english-dubbed-2>

Warning: It has major anti-Islamic elements as showing a character as God of Death as well as a human aspiring to become god.

- What are your thoughts about the personalities of 'Light Yagami' and 'L'? In the end of second episode they both claim that they are justice. Discuss and comment on which of these two characters you favour and why? [1-mark]
- Based on both lead characters the protagonist and antagonist what do you think is the prime target market of this anime series? [1-mark]

VIDEO GAMES

2. Street Fighter (fighting game + more) ----- (200+ words; 2-marks)

www.youtube.com/watch?v=SlRwXn-h80 [just watch first 3min. 20 sec.]

- The above link is from an animation 'SF4: The Ties That Bind'. Comment on 'power' as explained by the antagonist Seth (voiced by Michael McConnohie in English), notice how his voice changes pitch that adds effect to words. How much do you agree or disagree with his speech? [1-mark]
- SF is a fighting game series and is one of the highest selling video-game franchises with Street Fighter-II alone making \$10 billion in revenue. Owned by Capcom it started as a video game but then moved on to comics, movie, anime, card games and various other items as action figures etc. Explain it in light of 'brand development'. [1-mark]

3. Video Games ----- (100+ words; 1-mark)

Hang Man (marketing) <https://www.quia.com/hm/863796.html>

Game of Bombs <http://gameofbombs.com/landing>

Try playing these games for a few minutes and comment on gameplay.

MUSLIM WORLD attempts that are improvable

4. Raat (with similar questions)

(200+ words; 2-marks)

www.raatcomic.com/issues

- Go through these comics and share your experience and comments on the story and art work.

5. Abdul-Bari (short moral cartoons)

----- (100+ words; 1-mark)

www.youtube.com/watch?v=wPqI5oTgMts [2min. 10 sec.]

What will be its positioning statement? It is primarily targeted at a very young age group of almost 2-7 year old. Suggest how it can be promoted further among masses so more people use these cartoons to teach their children good things?

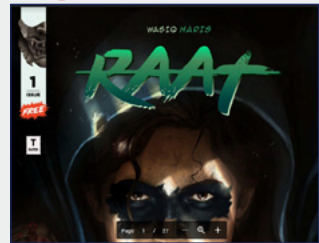


Image credit: Raat comics by Wasiq Harris. Reprinted with permission.

Or

Jan Cartoons on See TV (watch any episode, easily available on YouTube and comment on the moral lessons in it.

----- IMAGE DRAWING (Cartoon rules) in Islam -----

There are certain limitations to usage of imagery in Islam. Drawing full-detailed pictures is forbidden. E.g. The Messenger of Allah ﷺ said: 'Whoever makes an image will be commanded on the Day of Resurrection to breathe the soul into it but he will not be able to do so.'²³

However, there are alternate ways to it. Instead we can have pictures and cartoons that have detailed backgrounds etc. but do not have elaborations of living beings. e.g. **"Maker vs. Marker"**:

vimeo.com/84574334 Or this famous video Heat Repulsion video: https://www.youtube.com/watch?v=ekz-FY_MDGA&t=35s Alternately drawing a single organ as eye is allowed. Dresses, cars, trees, buildings etc. can be into detail.

6. Sound / non-musical ----- (100+ words; 1-mark)

Mein tery samny jhuk rha hun khuda: https://www.youtube.com/watch?v=od0Lq5_mp3o [4min. 11sec.]

Background Humming version: <https://www.youtube.com/watch?v=W-o3N-lvBfI> [8min.] - Share how non-musical feels in it?

7. Advices (whiteboard animation) ----- (200+words; 2-marks)

Imam Ghazali advice on How to select friends? www.youtube.com/watch?v=A0dyV3vWXow [2min.16 sec]

- How many friends you have that are like 'food'? How can you get more like those?
- What type of friend are you to others and how you can improve?

8. Lectures with subtitles + humming in background ----- (200+ words; 2-marks)

The Evil Eye on Social Media www.youtube.com/watch?v=0RoTnJGHJy8 [3min]

- What message do you understand and how more people can be convinced to avoid unnecessary sharing on social media?

Go Back to your Parents: <https://www.youtube.com/watch?v=3v8r5dCbTC8> [3min.]

- Isn't becoming a sahabi (witnessing Holy Prophet ﷺ) greatest of all deeds? Comment on basis of this video. When was the last time you gifted something to your parents?

9. Kinetic Typography (Kinetic Typography videos) ----- (100+ words; 1-mark)

Jannah www.youtube.com/watch?v=1Uv7mNOaYVE [2min. 12sec]

How can you deny God? <https://www.youtube.com/watch?v=woVxq0R0vO0&t=7s> [3min.]

Kinetic Typography or moving text is a new way to make simple audios interesting and catchy. Watch both these videos and comment which of these you liked and why?

10. Productive Muslim (short inanimate moral video) ----- (100+ words; 1-mark)

Eating Contest in Ramadan <https://www.youtube.com/watch?v=3acuvfFaqqw> [1min.]

- Watch it any video by Productive Muslim and elaborate its message.
- What are Islamic Guidelines for animation?

Understanding Branding

Marks: 10

Approx. time required: 2 hours

Learning objective: In this assignment participants will understand branding relevant concepts and strategies.

Q1. Individual branding vs. Family/umbrella branding ----- (4 marks)

- What is the difference between the two²⁴? [150+words] 2 marks

- b. For several years Ferrari has been known as the manufacturer of expensive luxury automobiles. It is also listed as 77th biggest brand in 2019²⁵. Suppose, the company plans to attract the major segment of the car-buying market who purchase medium-priced automobiles. They may go for **family branding** which would benefit from massive sales among normal range cars but it could risk damaging the luxury image of Ferrari brand or they can opt for **individual brand** by creating a new brand altogether (and not mentioning Ferrari anywhere) but it would cost a lot to build this new brand and bring it in competition with brands like Toyota and Honda who have years of presence in this segment. As Ferrari considers this trading-down strategy explain which of the two options shall you opt for as Marketing Manager of Ferrari and why? What are the trade-offs to consider with your strategy? [150+ words] 2 marks

Q2. Product Mix ----- (150+ words) (3-marks)

<https://marketing-insider.eu/product-mix-decisions/>

Read the above article and explain difference between the following through an example:

- Product Mix Width
- Product Mix Length
- Product Mix Depth

Note: You can use any brand to elaborate it, feel free to go for your favourite brand

Q3. Brand Development ----- (2 marks)

Provide an example of each of the brand development strategies marketers use to develop brands with a brief explanation.

e.g. Multibrand: Gourmet Cola (soft drinks) launched Bon Vivant Cola (soft drink with new brand name).

Note: You can create new examples and choose different brands/companies for explanation of different types

Branding Rain

Marks: 10

Approx. time required: 2 hours

Sound of rain- the beautiful non-instrumental music of nature. Who could've had thought that it could be harnessed into a brand fulfilling various needs of people, providing them relaxation, peace and helping in blocking of all distraction of noise. One such brand is 'Rainy Mood' <https://www.rainymood.com/> that provides website and mobile app with rain sounds. Since people prefer change so Rainy Mood provides everyday a relatively different composition of rain, bird sounds, lightning etc. Various customers share their feedback that they keep uploading as:



Image credit: Rainy Mood is registered trademark of Plain Theory 2020. Snapshot of website reprinted with permission.

- Perfect for blocking out the ridiculous NYC street noise that continues to permeate through my office walls on a daily basis
- Odd but true—at least for me—and backed by research: white noise like @rainymood increases focus, productivity. (And it's free.)
- I'm relaxing & really enjoying this rainy atmosphere. Honestly the sound of rain helps me to fall asleep quickly.
- "I've always had an issue with working while music plays. Classical or heavy metal, it's all too complex for me to work and listen at the same time. This is fixed, however, with a nice, quiet space where I can zone out and plough through my assignments."

A similar concept is utilized by another company in the form of a mobile app with 4.5 rating on Google Play

Store available for free. It is titled 'Rain Sounds' that also offers customization besides a few default options of rain as 'rain on a window', 'rain on leaves', 'rainy evening' (with campfire sound) and many more.

Levels of product ----- (3-marks)

Q1. Go to <https://www.rainymood.com/> and/or try any Android App as 'Rain Sounds' and share your experience of listening to it. [100+ words] 1-mark

Q2. Each product has two levels, in case of 'Rainy Mood' (it is available for Rs.330 on Google Play) what is 'core product and value' and what is 'augmented product'? Elaborate in detail [150+ words] 2-marks

Origin of Brand Positioning ----- (4-marks)

<https://www.brandingstrategyinsider.com/2017/06/the-origins-of-brand-positioning.html#.Wqqr6nxx3IU>

Q3. Go through above link and share what do you understand about the birth and popularization of the concept of positioning? [2-mark]

Q4. How the mind works relevant to positioning? Above article gives 9-steps. Explain it especially elaborating the 'product ladder'? [2-mark]

Brand Positioning Strategies ----- (3-marks)

Q5. Read the customer comments/feedback as given in case and also the slogan of 'Rainy Mood'. Based on it share which need(s) are being fulfilled by this brand? What are its substitutes? Which positioning type are they using, elaborate in detail.

Learning Objective: In this assignment participants shall know how even sound of nature can be marketed. Besides, positioning and its origins and types will also be understood.

Launching Family Entertainment Brand

Marks: 10

Approx. time required: 6+ hours

Requirements: Give concept of a new brand [1,000+ words] and create a prototype.

After going through the above assignment 'Need for Family Entertainment' come up with an idea of a new entertainment brand. Share details as to what it'll be, will it be simple dubbing and adding moral content or comics or anime or drama serial or a video game etc.? How you'll get it made, its target market, positioning, 4Ps, character details, concept, story etc. Use your marketing knowledge to build and promote this concept.

- a. Dubbing (of an existing anime) b. Comics c. Anime (inanimate) d. Video game

What is/would be your plan of action? Create first draft of a script or a comic etc.

Prototype: Learn an animation software too. E.g. Check this link for **(20 good anime and designing software)**:

<http://www.animationcareerreview.com/articles/top-20-most-essential-software-artists-and-designers>

Or You may also try learning **Kinetic Typography**, its guide:

<https://www.nyfa.edu/student-resources/make-good-kinetic-typography-animation-video/>

Or Dubbing

Try dubbing and launching some existing animation as is the trend in Arab world. Try converting a few episodes of 'Samurai-X' eps.55-61.or Death Note.

Try creating at least a 1-minute clip/prototype. The story must have some moral lesson.

Asura's Wrath (action video game)

Asura vs. Wyzen [5min. 39 sec.] www.youtube.com/watch?v=Bak5uZ2zXlc

If you were to remake it Urdu what changes you might bring? Your comments on characters.

Case: Buying a Mountain Bike

Marks: 25

Time: 60 minutes

Ali had been employed for 2-years now. His elder brother asked him for what gift he would like to have from abroad. He also suggested some fitness relevant things as a fitness watch or even skates etc. Ali wasn't really planning to get either of these but the suggestions made him look into possible things that could help with long-term health. Somehow, during his search he ended up finding an impressive looking cycle. Being a cyclist during most of his schooling and even early years of university, it reignited his interest to become a cyclist again. At first he was unsure about the type of cycle that he was looking for as broadly cycles could be divided into two types:

'Road bikes' which in Pakistan are often also called 'racing cycles' or even 'sports cycles'. These have very slim tires that provided for least friction with road and are also much lighter in weight. If high speed and time saving would be the priority then this type should be an easy preference. However, 'road bikes' have relatively very simple appearances especially when compared to 'mountain bikes' that were developed from 1979 onwards and some



companies had mastered the art of its outlook with superb designs that few products would beat its beauty.

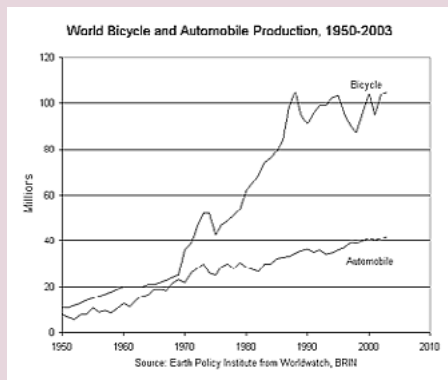
He had his eyes on a couple of cycles as Giant's (Taiwan based world's largest manufacturer of cycles²⁶) flagship series that was now priced at \$3,215²⁷ i.e. roughly Rs.4,50,000 or Trek's (US based cycle manufacturer) Fuel series (mountain bike with suspension system) that had basic ones starting at \$2,200²⁸ (around Rs.3.5 lac). The luxury designs were appealing his heart, with carbon frame, hydraulic brakes, Formula One suspension system in a mountain bike. Wow! Ali was thrilled but there were issues with these cycles as these were not even available in Pakistan, he would've to go for some sort of import procedure which wouldn't be that simple or easy, secondly these were quite expensive with price tags as high as \$10k i.e. above Rs.16 lac. Besides, even if he were to buy a base model worth Rs. 2 to 3 lac (Rs.300,000) then his family might as well have ... taunted him to unbearable extent. The mere thought of buying something that expensive and the resulting social pressure was becoming difficult for him to endure. Getting of spare parts would be another problem if or whenever needed.

He further checked on Amazon to see what other options he could explore. He found that there were some relatively unknown brands but buyer ratings assisted in finding some good looking and utilizable bikes. Similarly, rare people had good cycles on OLX Pakistan too.

Finally he decided to visit local market. Lahore had a market for cycles at *neela gumbad* on Mall Road that had multiple shops and decent collection of cycles although these were obviously not even close in terms of quality and durability but most were of very economic ranges of Rs.10-15k. These low priced bicycles were not ideal and were often criticized among experts for low quality components, including its disposability that is damaging to environment. Some would go as far as calling these BSO (Bicycle Shaped Objects). Barely one or two shops would have a few cycles in Rs.30-50k ranges but nothing better. This also made him wonder what if he himself could start importing cycles too as a business.

History: Practically usable bicycles were invented in 19th century from first cycle in 1818 to modern form in 1876, as before that concept of transportation was widely different, although continuous efforts were being done in development of cars and various people were successful in one form or another, nevertheless mass production of any conveyance was rare. As a matter of fact Benz patented first car in 1886 close to cycle. Cycles gained respectable reputation even in initial years and had sales close to those of cars per year till 1970 however, in next decade sales of cycles exceeded those of cars. Another jump came from 1979 upon launch of mountain bike and as a result now the number of cycles being produced is almost twice that of cars. In 2004 more than 10 crore (105 million) cycles have been produced²⁹, numbers rose to 13 crore cycle sales in 2016 with further forecast of 1.4%³⁰ growth. Global bicycle market is also estimated at 28 billion US \$ (above 43 *kharab* Rupees) with further expected growth to reach 38 billion US dollars by 2025.

Cycling Industry in Pakistan was concentrated on these low priced cycles either made locally or some



imported from China. Although these cycles were mostly of extremely low quality but served the purpose as majority of people had no perception about prices of real cycles. As a matter of fact it was hard for most to even believe that a cycle could be priced Rs.50,000 or higher and a common objection would be, "What is the point in buying a cycle for this much price when you can get a motorcycle for same price?"

Under such circumstances high priced cycles couldn't be expected to have many customers. Situation in world was very different. In countries like China or even in various European countries people would opt for cycling as a hobby or for exercise purposes. Prime Minister of Netherlands travels to office on bicycle³¹

but such trends were not common in Pakistan. It was common for people to spend money on latest mobile phones that they would replace after a year or two but buying health or environment friendly products were rare. Moreover, people in this geographic location consider car a matter of honour while as Managing Director of Hero Cycles said, "In Denmark and London it is more prestigious to own a good bicycle than an Audi 7 series."³²

A few Facebook page created by cycle enthusiasts also existed by the name of 'Bicycle Buy/Sell Lahore' with over 4k members and 'Critical Mass Lahore (CMS)' by bicycle lovers who would meet every Sunday for a ride but these numbers were much smaller number compared to various other products in Pakistan especially motorcycles and cars.

Business: As he saw an opportunity for branded bikes import in Lahore, he was wondering what would be best way to promote cycling in Pakistan. By becoming a retailer, should he have a shop in some posh area



like DHA (Defense) and accompany it further by allowing online ordering of almost any cycle to have a larger collection for customers. He would need to inspire consumers to opt for cycling as a hobby, exercise and even travelling. Promotional ideas were running through his mind: cycles are fun, especially if you travel a long distance there is a sense of accomplishment, a feeling of satisfaction. *"Car/Motorcycle runs on fuel and makes you fat. Cycle burns fat thus keeps you healthy, saves your money and is environmental friendly".*

Questions

- Exercise is a _____ that can be fulfilled through _____ of cycling.
 - Need / Want
 - Want / Need
- If Ali goes for a \$3,215 priced Giant mountain bike as '*luxury*' then it would be _____ according to Islamic level of consumption.
 - allowed
 - not-allowed
- Trek is offering three things: Bikes, equipments (as locks) & apparel. It may be called as its product mix _____

- a) width
 - b) length
 - c) depth
4. If Sohrab makes single type single colour cycle only. This type of targeting may be called as:
- a) undifferentiated (mass)
 - b) differentiated (segmented)
 - c) concentrated (niche)
 - d) micromarketing
5. Most cycles are merely sold for Rs.10k in Pakistan, but some international brands are capable of selling for Rs.10 lac. 100x the price. This differential effect of knowing the brand name and as a result customer's willingness to pay extra price may be termed as brand _____.
6. _____ divides all consumer needs into five levels, starting from 'physiological needs' that according to this theory is most important and 'self-actualization' needs being least important. Although this theory has been criticized by a lot.
7. Theodore Levitt, a Harvard Professor emphasized that a railway company that assumes that train is people's need, is victim of marketing _____.



Marketing Philosophies are approaches or mind-sets of an organization, these have five types: production, product, selling/sales, marketing and relationship marketing concept. Next two questions are with its relevance:

8. A company that emphasizes continuous product improvement and its quality enhancement as its number one priority is considered to have _____ concept/orientation.
9. A brand that believes that all of a company's efforts should be focused on hiring of sales force is practicing _____ concept/orientation.

Segmentation Types: There are four broad types of segmentations that marketers use to divide consumers into different groups. Answer the following three questions in its reference:

10. Many brands offer cycles for kids, men and females separately, it is _____ segmentation.
11. Cycles are available for high speed, or rough surface and even some with baskets for carrying purposes, so consumers may get which type of 'benefit' they are looking for. This is an example of _____ segmentation.
12. Some brands target healthy lifestyle as basis of segmenting cycles, it is _____ segmentation.

Buyer Decision Process: There are five phases of it. Following three questions relate to it:

13. Although Ali was always interested in cycles, yet recently his realization of cycling came from his elder brother, this is an external source. All of this occurred in first phase of buyer decision process called as _____.
14. Ali searched for various different cycles, this is second phase of buyer decision process called as _____, after which 'evaluation of alternatives' is done.
15. In last step of buyer decision process, after buying an expensive item as Rs.3 lac's cycle many buyers may suffer from post-purchase discomfort. Technical term for post-purchase anxiety is called as _____.

Consumer Products/goods are divided into four types (convenience, shopping, speciality & unsought).

Following two questions relate to it:

16. Which type of product is a Trek Fuel mountain bike? _____ product/good.
17. Cycle lock (priced around rs.200-500) that can be added to a cycle is a _____ product/good.

Brand Development Grid: Ali is planning to become retailer of cycles. He wants to have lots of variety but the target market is barely into cycles. He can expand his business and brand by:

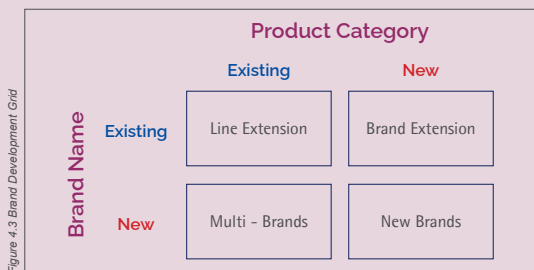
18. Offering extra services as having more brands of cycle available at same outlet. It is an example of _____.

19. Adding cycle accessories, it would be _____.

20. Some retailers at *neela gumbad* have now also started offering exercise machines in the same shop where they sell cycles. It is _____.

21. If Ali launches a second retail store with different brand name, (first shop for low priced cycles) and other one for luxury brands as Giant and Trek. This would be _____.

22. Create a **perceptual positioning map** and plot various cycle brands mentioned in this case. [4-marks]





Watch Lecture Video in Urdu (اردو)

<https://youtu.be/Kg8F3TliEjQ> [30min.]

Chapter-5

Product Innovation

- 1 New Products
- 2 New Product Development Process
- 3 Innovation
- 4 Product Life-Cycle (PLC)

Learning Objectives

After reading this chapter you should be able to:

- Understand what are new products, their benefits and why those are important
- Know how innovations are diffused (absorbed in population)
- Know the systematic process of new product development
- Product Life Cycle and its stages and relevant implications for marketers



- Peter F. Drucker (1909-2005)
U.S. management theorist



"Marketing and innovation produce results; All the rest are costs."



Opening Scenario:

Home Appliances & Consumer Electronics

In today's era we are using electronics in one form or another. For example, from cellphones to computers, home appliances to transport systems, healthcare to sports apparel, as a matter of fact there is hardly any industry that doesn't have electronic devices. Thus it seems impossible to operate without electronics.

From the 18th century to 20th about thirty people have made different contributions to bring electronics in their current form. However, most notable of these inventions are three, a vacuum tube, transistor and integrated circuit. Vacuum tubes were developed in early 20th century. This benefited world for next forty years till establishment of Pakistan. Immediately afterwards transistor was invented drastic changes in electronic circuits as a single low cost and small sized chip would now contain an entire electronic circuit. In 1960s ICs kept on growing in power as several thousand components were now possible on a single chip. Eventually these changes allowed Intel to come up with microprocessors in 1969.

There are various sectors in electronics, largest of which being e-commerce that had sales of \$29 trillion in 2017¹. Besides, mobile, consumer electronics, TV broadcasting and video games are other major electronic industries.

Consumer electronics industry is what many of us would know as it touches our lives every day. Japan, South Korea and US lead the world with their R&D. Top companies are Sony, Toshiba and Panasonic from Japan while Samsung and LG from Korea and Microsoft, Apple, Intel and IBM from USA.

While Japan was torn by Second World War, a salesman Akito Morita and a technical expert Masaru Ibuka joined to form a small company in Tokyo in 1946. They worked together for almost 50-years that is considered



Photo by Mohammad Dadkhah on Unsplash

as one of the most productive partnerships in the business history² and taking the firm to one of world's largest electronics manufacturing company.

Sony created many new products as the company's focus was on innovation and utilizing new technologies. Founders also visited other countries to learn and utilize new techs. For example, they came to know about transistor technology and utilized it to innovate TVs, video recorders, radios and calculators. It also made electric rice cooker and first camcorder among several other new products.

In 1960 it opened an office in US and flew a Japanese flag for first time since WW2 in US.

Morita suffered a stroke in 1993 and retired the next year, Sony also declared its first loss in 1993.

Nevertheless, the company kept on designing new products as it came with PlayStation in 1994, eight years later the gaming division was contributing 10% revenues. It introduced Vaio computers in 1997, made robot dog AIBO in 1999.

Sony suffered huge loss from 2008 to 2014 as well before recovering as the new CEO Hirai took over in 2012. He also reduced the number of products to focus on only limited higher quality ones. He has also taken games business (PS4 and PS Plus combined) to a 27% of company sales in fiscal year ending 2018³. This games division consists of sales of PS4 units as well as PS Plus subscriptions and being one-fourth of revenue it something Sony is now relying very heavily on.

Company has multiple divisions but it is also facing intense competition in each product category. According to some critics, these losses are because company relied on its past success and became proud, as a result failed to cope with changing consumer needs.

"Consumer electronics went through a



Photo by JACK REDGATE from Pexels



Photo by Julian Ohayon on Unsplash

Maxx-Studio/Shutterstock.com



difficult phase when traditional [Sony] product categories like analogue TV and Walkmans were disrupted by new products with better capabilities provided by new companies that took market share,” said a Japan-based analyst.

While Samsung invested in new TV technologies quickly and Apple in smartphones and tablets, Sony remained very slow to respond considering even LED TVs relatively not important but when it realized, then it had to invest heavily which resulted in losses.

Samsung started as a retailer in 1938 and entered electronics in late 1960s but eventually became the world's largest consumer electronics brand bypassing Sony in 2000s. It also became world's biggest mobile phone manufacturer in 2012 by replacing Nokia and has been the market leader since then. It is now a huge conglomerate that operates in a wide range of different products.

Steve Jobs cofounded Apple. The company introduced first PCs in 1970s and Macintosh in 1984. Next year Jobs left as his methods of pushing people too hard were not appreciated by his colleagues. From mid-to-late 1990s Apple's sales were halved and its PC market share was dropped to 2%. Steve Jobs returned in 1997 to company and reduced the total products of company from 350 down to mere 10 within 2-years as he wanted top-class team on each instead of having random number of products with no master piece, focused on quality instead of quantity⁴. His own interest and passion helped him cash on mp3 players market with an iPod in 2001. Another six years later Apple jumped into smart-phones with first iPhone, the succeeding models of which were to reach top ranks. Another successful new product that Apple came up with was a tablet-PC in 2010 called iPad. Steve Jobs resigned as CEO in 2011 and also died same year. Nevertheless, Apple's brand continued to grow in top ranks and company has recorded sales of \$260 billion in 2019⁵.

Sources: Encyclopedia Britannica:

<https://www.britannica.com/topic/Sony>


Sony's official website: www.sony.net/SonyInfo/CorporateInfo/History
Principles and Practices of Marketing by Jobber. Page-101. Sony Shockwave.
<https://www.elprocus.com/know-about-brief-history-of-electronics-and-their-generations/>
<https://science.jrank.org/pages/2376/Electronics-History.html>

New Products

Try asking your grandparents how school life was in their era. Chances are that they used to travel several kilometres on foot every single day to go to school. They used to study on a *takhti* (slate) and were required to wash it daily that in itself was a tiring and time-consuming chore. Entertainment was just chatting and playing actual physical sports with friends and neighbours as there was absence of screens in every form, meaning no tablet, no laptop, no video games, no mobile phones, no cable network and no LCDs. Few people had a TV set. In Pakistan there used to be only one channel till 1990 and it would end all its transmissions at 11pm, with nothing being aired till 6am. There was no internet or even telephone was rare and yet people's personal communication skills were higher. Regardless of what it might sound like, ask any older person and they'll tell you that despite the absence of all the products that we enjoy today, life was beautiful.

Mobile phone and a laptop might fill most needs of today's students, but most of our grandparents may have used entirely different technology to study.



 Before mobile phones, telephone sets were primarily used for communication. Getting a connection wasn't that convenient either.



Handwritten copies were uncommon, instead traditional tablets were utilized by students for notes taking and home-work, these had to be washed everyday that was an additional chore.



Even at higher education level, fountain or ball pens were rare, instead reed pens were used along with manual dipping in ink after almost every word or small sentence.

For centuries people lived their whole life hardly ever hearing about a new product but now it seems that new products are being developed every day. What brought this change? For one, transportation speed has enhanced dramatically in last century that has made global trade convenient and faster. Secondly, mass production is now possible with most products of the world making it much easier to manufacture and transfer in lesser time, thus development of new products has become common. Besides, the arrival of digital age has allowed technology utilization to sell products within seconds of development completion. A software, app or video game can be sent to the other end of the world without any time loss.

Usually with new product people almost always think of technological innovations, but a lot of new products have been far simpler, from a ball pen to a mouse pad new products can be in any category. New products are not bound to be tangible ones, a number of new releases are actually services. Besides, while many new products are for

consumers but some are designed keeping industry customers in mind such as a truck or machinery. New-products can be developed through *acquisition* or own R&D (Research and Development) efforts.

Benefits of New Products

New products are often extremely important as change is inevitable so new products would be needed that ride with this change. Technological change is so fast that many existing products are becoming obsolete. Atari was once the video games industry leader in early 1980s but then lost because it didn't innovate. Other companies like Nintendo and Sega took its place from late 80s to early 90s. They couldn't have kept the crown for long as just another decade later Sony became the new king.

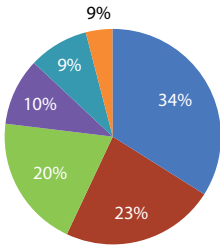
New products satisfy ever-changing consumer wants. Also, people seek variety especially in products like shoes, clothes and even video-games etc. If a company has only one product and it fails then the company could go bankrupt, on the other hand having a 'portfolio of products' helps reduce this risk. In some industries such as software, most sales come from new products. For this reason Adobe has now changed to subscription model so they keep on improving their products without selling a newer version, instead just charge customers per month for whole suite (package of their software).

New food products are sometimes made simply by mixing one or two of existing items. For example, shakes are often made not just out of any fruit but also by Oreo or even Milo. In fruit *chaats* (فروٹ چاٹ; a type of fruit salad famous in subcontinent) adding cream makes it cream chart. For flavour some people add Tang or other juice in fruit chart. Some people mix soft drinks like 7up or colas to make *dodh soda*. These are new products and sometimes such attempts by customers give companies ideas too.

Hence without new products firms sales would decline. Kodak was founded in 1888 and once held a very dominant position in 'camera film' and also developed the world's first ever digital camera. It had sales of about \$15 billion in 1990s and was at its peak in 2000⁶ but digital era of 2000s shrunk the film business rapidly down to only 10% in ten years, eventually Kodak had to file bankruptcy in 2012⁷, although it survived but is no longer what it once was. Fujifilm, a Japan based firm that was second major producer of films, it diversified and innovated, as a result grew its profits.



Avg. Project Portfolio



Product improvements
 Adding to existing lines
 New product lines
 New-to-the-world
 Cost reductions
 Repositioning

Figure 5.1 Average Project Portfolio. Adapted from Griffin, A. (1997). PDMA research on new product development practices: Updating trends and benchmarking best practices. *Journal of Product Innovation Management*.



New to the World

Products: Products that are new for entire population.

Similarly, Blackberry was once considered king of smartphones as it held 20% market share globally and 50% in US but its lack of innovation eventually made it a phone of past⁸.

New Product Types

Defining a new product is difficult. Should a new website be considered a new product? Is PlayStation-4 a new product? There was already a PlayStation-3. For whom is PS4 a new product? From the company's point of view every product that is even slightly different is new, but what about the customers? What about PS4 Pro (a slightly refined version of PS4)? Is it a new product? However, newness in point of view of customer, is most important. Marketers often define newness of product in terms of the degree of difficulty or learning required by customer to be able to use the product⁹. Overall, a company may have many different types of new products, simply extending existing lines, jumping into new product categories, refining an existing product or coming up with a real new-to-the-world product. This last type is the only one that is new for both the company as well as the customers and hence is the pure form of new product. Researchers have found that usually an average new product by various companies falls into following categories as shown in Figure 5.1¹⁰.

New to the world products (or really new products): *New to the World Products* are truly unique and innovative products that no other company has made before. These are very rare and are also risky for a company to develop as it is difficult to educate the consumers about its benefits or the product may not actually be that valuable to people as the developers might have assumed. The result would be fewer sales than expected. Besides, there may have been considerable R&D costs. In developing new products companies are also unsure whether they will get any sales or not that is why many companies are unwilling to try it. Desktop computers with word processing made typewriters obsolete. Apple's tablet iPad may be considered a new product for the world although many had made attempts to create similar devices in past decades but none with this much success.

New product lines: These are new product categories for the company. Whenever a company launches a new product but that product already exists in the world, then it is considered 'new product line'. These are not as risky as new products because it is possible for company to gather data about sales



of this product category, consumer trends and preferences, distribution channel details etc. However, since it is still a new venture for the company so some risk remains due to its lack of experience. Microsoft's move into mobile phones is an addition of a new product line. Unilever's Dove expanded from beauty soap to shampoo, hair care conditioners, moisturizers and deodorants under the same umbrella brand of Dove. So a loyal customer can benefit from its entire product line. For example, Gourmet's (a bakery retail chain's) entry into TV channel by the name of Gourmet News Network (GNN), a move into new product line. In most cases these are just same or very similar to an already existing product in market.

Adding to existing lines: As covered in the last chapter line extension is simply adding more products of same type in the existing portfolio. For example, Unilever's launch of multiple soap brands. Creating more brands in the same product category however brings risk of cannibalization.

Cannibalization is reduction in sales or market share of existing product as a result of launch of new product by same company. Sometimes this second brand/product starts eating up sales of the first brand. So, the effort done for promoting the second brand is not paid off. Companies have to be careful and try to make sure that new releases do not result in cannibalization otherwise they are better off without it.

Product improvements (and cost reductions): *Product improvements* are primarily for consumer's benefit while cost reduction is usually for company's benefit. These are both type of minor changes to products. Various brands of ketchups and mayonnaise such as Young's have now started adding caps on its packing so customers can easily utilize it as opposed to cutting it with scissors and then having difficulty in reserving.

—  **Cannibalization:**
When launching a new product starts taking away sales or market share of previously launched product of the same company.

—  **Product Improvements:** Minor product refinement.

New Product Failures

Thousands of new products are released every year but a vast majority of those do not become a commercial success, around eighty percent of products fail¹¹. Some of the **reasons** for it are:

- Company's failure to match consumer needs with its own product,
- Overestimation of market size,
- Poor design,
- Incorrect positioning,

Discussion
Generate examples of each of the types of new products

- Wrong timing,
- Priced too high,
- Ineffective promotion,
- High development cost,
- Insufficient or no after-sales service or support etc.

Speaking of wrong timing, do you know who invented the first tablet-PC? Many people assume it was Apple's iPad in 2010, not only Microsoft had created a tablet in 2000, many other companies and people had designed even well before that, it seemed that neither the technology nor the world was ready for tablets at that time¹².

Dane Foods Limited launched Danish cookies in Pakistan but due to different weather conditions it required special packing for preservation of cookies that in turn resulted in higher costs and hence higher price. Customers didn't buy it because of extra price and product was eventually taken off in early 2000¹³.

Development time required for new product also varies very widely as it is dependent on a lot of factors including the type of product. Table 5.1 gives an estimate of variances across product types:

	Screwdriver	Skate	Printer	Car	Airplane
Annual production (in units)	1 lac	1 lac	40 lac	1 lac	50
Product life (in years)	40	6	7	15	40
Price	Rs. 50	Rs. 20k	Rs. 6k	Rs. 15 lac	Rs. 45 arab
No. of unique parts	3	35	200	10,000	130,000
Development time	>1 year	2 years	1.5 years	3.5 years	4.5 years
Internal development team	3	5	100	800	6,800
External development team	3	10	75	800	10,000
Cost of factory	Rs. 1.5 crore	Rs. 10 crore	Rs. 25 crore	Rs. 50 arab	Rs. 3 kharab

➤ **Table 5.1 New Product Development Variances Across Product Types.**

Adapted from Exhibit 1-3 from "Product Design and Development" by Ulrich et. al page-6 of 4th edition



Serendipity:

Occurrence of events by chance, usually meant for something good, such as a new discovery.

Some people think that most new products were created accidentally and without effort, there is a term for it *serendipity*, meaning by chance. It is true that there are rare incidences in history where accidentally products were made including

the famous antibiotic Penicillin, microwave oven and x-ray images¹⁴. Nevertheless, in all of these cases inventors were working, experimenting and trying to make something. As they say, 'luck or chance favours the prepared'. If a person is trying to invent something new, his chances of getting an innovation are manifold higher than the one who is not even looking for innovativeness.

Ideally new products are best developed in teams as people from different field help come up with different ideas and are able to provide their expertise in cases of technical difficulties or other potential problems at earlier stages. Thomas Edison, known for invention of light bulb had over 1,000 patents for inventions. These came as a result of the team that he had hired of young mathematicians, scientists and engineers including Henry Ford and Nikola Tesla¹⁵. These inventions were a result of whole team's collaborative efforts. Nevertheless, his consistency and motivation were impressive as he had 2,000 failed prototypes before the light bulb success.

*"I have not failed.
I've just found 10,000
ways that won't
work."*

- Thomas Edison (d 1931)
American inventor and
entrepreneur

New Product Development Process

New Product Development process is not very rigid but broadly has following stages as shown here in Figure 5.2:



Investment increases as the process moves from idea generation to launch.



Google has major market share in online search but has also developed various other new products as Gmail, Google Maps, and also went on to acquire Android and YouTube.



Photo by Charles Deluvio on Unsplash



Idea Generation:
Systematic search for new product ideas.

"The fact is coming up with an idea is the least important part of creating something great. The execution and delivery are what's key."

- Sergey Brin

(Co-founder of Google)

Keep in mind that some companies have an additional step before idea generation. They first have a strategy of new product. Purpose of this phase is to ensure that new product is in line with the company's marketing strategy. However, other firms directly start from idea generation phase as the company employees are expected to understand the firm's direction and hence think of relevant products.

More importantly, these processes are not necessarily followed as given, because of multiple reasons it is quite common to see these steps overlapping. At one time a team might be improving a product concept and at the same time someone might come up with a new idea as well. Time pressures to launch products quickly may also require that at one time more than one step would be worked on. As a matter of fact, it is actually beneficial for the company to let teams work at multiple steps for time saving and increased efficiency and effectiveness. Google has a major market share in online search but has also developed various new products and continues to do so as Google Scholar Search, Gmail, News, Google Maps etc.

1. Idea Generation and Screening

First of all lots of ideas have to be generated as most of these drop in following phases and out of 100 ideas only one or two products may reach the market¹⁶. IBM held "Innovation Jam" – got 46,000 ideas but picked only 10 out of those. A company has two broad idea sources, internal and external.

Internal idea sources include employees. For example, Tata Nano is an Indian car brand that was realized by the senior management who thought that if a low price car could be provided then all those family people who use scooter would shift to it, so they launched a car for only Indian Rs.1 lac (roughly \$1,500) but price kept on increasing to over twice in next 10-years and sales went down and company admitted that it cannot continue it beyond 2019¹⁷. For once it was world's cheapest car and idea came from company's internal source.

3M is a US firm with a lot of innovations. Initially, a weak glue was accidentally developed by one employee but then another person thought that it could actually be used for bookmarking and so Post-It Notes were born. It was also an internal idea.

Another way to estimate the type of new product required is to forecast the upcoming technology. For example, rapid usage of smartphones led to several app developments, even

fitness relevant as well as those of education like Kahoot that uses combination of faculty members demonstrating the question on screen with participants responding usually from their smartphones.

External idea sources may include retailers, consultants, other companies or even customers who themselves may suggest new products. Example, Lego launched a 'train set' upon customer's suggestion. P&G gets more than half of ideas from external sources¹⁸.

Crowdsourcing: Nowadays a very common form of gathering new ideas is that a company would go online and ask customers to submit new ideas. Although most of these may be only product improvements type ideas but are still beneficial. Chances of getting new to world products are relatively low via crowdsourcing.

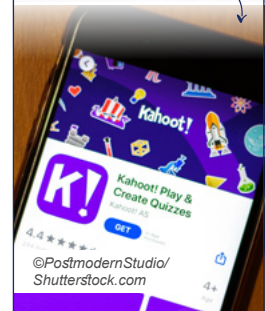
Reverse Engineering: Reverse engineering is a process in which a company deconstructs a product that exists in market to understand it, then recreates it with modifications, in this way usually no copyright violation is done. This practice is widespread although is ethically debatable especially in cases of patents of software and ideas that can easily be copied. As a matter of fact it is arguable that Bill Gates became world's richest man because he made and sold DOS, a software that was actually reverse engineered version of original CP/M program created by Gary Kildall¹⁹.

Solving Problem (or finding opportunity): Since every product fulfils a need, therefore most products of the world have been developed this way by finding an issue, a problem and then simply solving it. Similarly, many entrepreneurial ideas have been developed this way that a person found an issue and then solved it. Later on by providing that solution to others laid the foundation to his business. This is a very convenient way of generating ideas.

Another approach to finding ideas is asking about problems with an existing product. Often people would list down different types of responses. For example, a mobile phone manufacturer may ask its customers about issues with mobile phone. Respondents may reply with following problems: I've an issue in keeping my phone clean, text on



Kahoot apps allow faculty members to create quiz and let participants compete making education fun.



Reverse

Engineering: It means taking apart a product that exists in market, then recreating it with modifications, in this way no copyright violation is done.



websites is not visible, battery timing is not sufficient and so on. Such responses give hints to company for new product developments. So, they may develop an improved mobile-phone without these problems or alternately a company may provide an additional accessory that may be helpful. For example, mobile phones are easily damaged upon falling so many companies have now started giving protectors with the phone's packaging, thus enhancing consumer experience.

Idea Screening: Before moving on to the second stage of concept development a company has to evaluate every idea. It is to be checked and screened to ensure that it is in line with the company goals, realistic and worth all the effort. Moreover, sometimes product development costs might be high, or it could be unsafe for consumers, or sometimes government regulatory procedures might be lengthy so the company may drop an idea. Defining the target market or knowing the customer is essential otherwise it is pointless to pursue any further with an idea.

Companies that have good innovative cultures and rewards for new ideas get the benefit from such set-ups. If an idea doesn't seem to be working in one way, it might be tried in another way, or sometimes this idea may be held to be used in future. For example, Square Enix a Japanese video games company once brainstormed a new game idea for their master-piece Final Fantasy-7. During brainstorming they came up with several options as a dark themed battle zone, usage of mitochondria, and a sorceress. Efforts were made to merge the remaining three ideas but it didn't work out. As a result only one story was utilized. Game was made



Final Fantasy-7 was the most expensive video game ever developed, a record it maintained for 14-years from 1997 to 2011. Some of the ideas discussed to develop its story were initially postponed in 'idea screening' stage, but later on used to make three additional games. Due to success of FF7 a remake was released in 2020.



© Cham sitr/Shutterstock.com

from \$45 million on development and then \$100 million for marketing, becoming the most expensive video game of all time; a record it maintained for 14-years from 1997 to 2011. It was a massive commercial success and even resulted in an anime, a prequel game, a sequel 3D animation and a FF7 Remake released 23 years later in 2020. Interestingly alongside, the company also utilized the dark theme idea for a game titled Xenogears, second mitochondria idea for another game Parasite Eve and the third one of sorceress in Final Fantasy 8²⁰. All these titles gained respectable ratings and sales, although each was built merely from an initial idea that might have been left unused.

2. Concept Development and Testing

Before a product is actually developed, its concept is written. *New Product Concept* is a detailed version of new-product idea in meaningful consumer terms.

For example, a concept for battery powered car for seating of two might be:

"It'll be an electric car taking much less space on road. It'll go to a speed of 40km/hr. It'll need to be charged after 30 km use. It is charge-able in about 4-hours. It is very easy to drive with just brake and single gear for forward and one for reverse. It is expected to be priced around \$2,000 (Rs. 2 lac)". Would you be interested in buying it?

Concept Testing: It is the process of letting the potential users test the 'new product concept'. So, instead of actual product only the concept of new product is tested with groups of target consumers to find out if concepts have strong consumer appeal e.g. 5% say they'll definitely try new product.

If a product concept is not accepted by potential customers then chances of actual product would also be low. So, the advantage of this phase is that it allows the company to be safe from unnecessary cost and effort of new product development.

3. Marketing Strategy (Business Analysis)

Designing a marketing strategy for a new product based on its concept. The surviving idea is taken forward so its plan is made including description of the target market,



New Product
Concept: Detailed version of new-product idea in meaningful consumer terms.

Concept Testing:
Asking potential customers questions about pictures or descriptions of new product.

value proposition and positioning, a review of sales, costs and profit projections to see whether these factors satisfy the company's objectives. Throughout the new product development process there is always a phase of acceptance or rejection (a simple yes/no) from company management. So, at this phase too it'll be checked whether that the surviving idea after concept development and testing has potential to be a viable product for company. If 'marketing strategy' is approved then company starts exerting more effort in prototype development.

4. Prototype Development / Design

This phase involves the creation and testing of one or more physical versions in order to ensure that the product idea can be turned into a workable market offering. Product development phase often includes various departments from manufacturing, engineering, marketing and even finance to analyse all possible problems.



Prototype: Physical form of a product created individually often utilising materials to be used in final product, usually a full working model.

Product prototype is first physical form of a product or service. Since, large scale production requires a lot of investment, therefore only one or two sample 'prototypes' are created. It may not be final as it is a test version but is expected to have same attributes of final product. Purpose of prototype is to see if the product actually fulfils the purpose (consumer need) for which it was initially intended. Sometimes several prototypes are also made and then given to various people so they use and comment on these. This feedback gives the company a very good idea about whether the product needs any changes and its potential acceptability of real customers once it is practically launched.

Example, Louis Vuitton has test lab in Paris where products are continuously being tested by machines. A purse is being opened and closed thousands of times to see if it is of that high quality.



Image by Andreas Lischka from Pixabay



Louis Vuitton has test lab in Paris where products are continuously being tested by machines. A purse is being opened and closed thousands of times to see if it is of that high quality.



Purse Image by Penabeckie from Pixabay

Spiral Development (or Probe-and-Learn): Product development is often a continuous improvement process. It can be summed up as build-test-feedback-revise. Build a product prototype, give it to company employees or potential customers so they test it and give the company feedback, then based on their response revise or improve the product²¹. Then repeat this whole process again and again to get as defect free product as is possible.

New products at times also get issues in acceptance and may take a lot of time before reaching masses. A vacuum cleaners story is interesting as a UK based industrial engineer by the name of James Dyson had an issue with most expensive vacuum cleaners available in the market at that time. So, he thought of a 'bagless' vacuum cleaner and went through over 5,000 prototypes from 1979 to 84 before inventing the final one²². His idea was still not appreciated or invested by anyone around him. However, a Japanese company showed interest in his invention and licensed that Dyson's vacuum in 1986 that

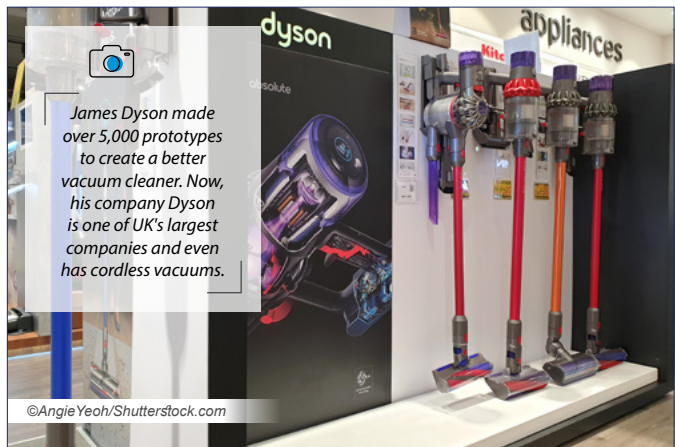
became a commercial success in Japan and won Design Fair prize. From the money Dyson got from licensing he launched his own firm in UK which also became highly successful and eventually expanded the product portfolio. In 2017 Dyson sales hit 3.5 billion pounds out of which 801 million is profit²³. Company also invests heavily on innovativeness, it launched first cordless vacuum in 2006²⁴ and is also preparing for a radically different electric car to be released in 2020²⁵. Sometimes prototyping takes time but surely with the hardship there is ease²⁶.

5. Test Marketing and Launch

Now that the product is ready, one final step before actual launch is to sell the product to limited number of customers. Just like previous phases this step also allows company to have

Spiral

Development: It is a continuous process of improvement during the product development phase. Build a product prototype, give it to potential customers so they test it and give feedback, then based on their response revise or improve the product.



"Genius is one percent inspiration and ninety-nine percent perspiration."

- Thomas Edison (d. 1931)

American inventor and entrepreneur



Test Marketing:

Stage in new product development in which a product and its marketing plan are tested in real settings but in limited zones (or on limited customers).



Blind Tests:

For testing purposes a potential customers is provided with few products of same category but of different brands, without displaying the brand name of the products to test which brand's offering they would prefer without knowing the name.

a much more realistic idea about the products acceptability in the market and its potential scope. Actual launch requires a lot of investment so test marketing assists in saving cost, if the product isn't liked by customers during tests then it is to be dropped or improved.

Test marketing must be done with the target market to which a company intends to sell the product. If a child's product is tested in a heavily adult population then test results would not be accurate predictors. There are many ways of test marketing as:

- **Standard Test Markets:** Small number of test areas. P&G's Ariel was first tested in Karachi, Lahore and Islamabad before being launched in whole country. Many brands would offer their product to university students such as snacks to gain feedback and potential acceptance.
- **Controlled Test Markets:** Selected number of stores are paid to carry new products. Usually technology is used to record consumer observations and purchases so company gauges the idea of sales.
- **Simulated Test Markets:** Artificially created zone. Its result may not be as precise because usually people don't react normally when they are being monitored.

Many companies especially of food and beverages often use '*blind tests*'. To conduct it, participants are given a product for use but they are not informed about the brand. Company also shares one or two other brands without telling their names either. If a customer prefers this company's product then it shows that chances of success are much higher.

Even a service provider can also see what type of a new service may provide more sales. An inter-city bus service provider may test in one city whether providing with extra leg space for a bit higher price will reap more expensive ticket sales. They may also test in another region extra luggage space for higher ticket price and see which zone shows more acceptability and in turn may drop one of these two offerings and actually launch the one that had higher sales.

The test marketing phase has its own risks in terms of a lot of financial spending and is also very time consuming. It may also delay the launch of a product that might be beneficial to consumers earlier on.

Online test marketing is also a very economical idea as sometimes companies introduce new products on their websites. These products are not available on their outlets. It allows the company to gain feedback of customers



without going through the hassle of promoting it. Online test marketing hence saves a lot of expense for the company but still provides the information about new products acceptability. This info is then utilized to tailor the promotion plan as well as the product if needed.

The time taken in this whole process varies significantly from product to product. For an advertising agency creating a new ad may take just a few weeks while for a complex product like car or a new software it might take years in development.

Test market should be tracked, meaning it is to be compared with what was expected and how it performed, so that decision of final launch can be made accordingly. The product might need an 'improvement', or 'go' or 'drop/cancel'. During this phase maintaining team enthusiasm is also a very technical task for the higher management, since some people spend a lot of time and effort in hope of watching the new product succeed, so it is often morale crushing for them if the management decides to cancel the launch. An outside party may also be used to analyse the test market results and provide their recommendation. It may provide a more rational decision and also take off the pressure of top management in case cancellation is required.

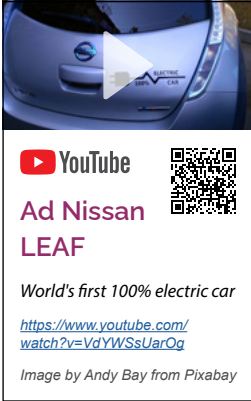
Launch/ Commercialization is introducing a new product into the market. It often requires massive spending on promotion as new product requires awareness. Timing is very critical, imagine launching a winter accessory in summer. Area or place of launch must be most convenient to core target market.



Commercialization:
Launch of a new product.

Planned Market Rollout is releasing step by step in different zones. Many companies utilize this approach as it has lots of benefits as many large scale launches are difficult to be handled if done at once especially of goods that have time-consuming manufacturing process and then have to be shipped to other countries. That is why we often hear about multiple different release dates for different continents. It also allows the company to balance their cash flows. For example, a software is released in Japan in January 2021, but a month later in February in US and then in March in Europe. Now the company spends on promotions in Japan in December then upon release of the product cash is recovered through sales. Now, this cash is further utilized for promotion in US and then again after release of product in US cash replenishes which is then further used for promotions in Europe.

As mentioned earlier, entire new product development



Continuous

Innovation: Improving an already existing products/ services or technology.



Discontinuous or

Radical Innovation: A breakthrough innovation that makes existing products obsolete and replaces them.



"To keep up with the world of 2050, you will need to do more than merely invent new ideas and products, but above all, reinvent yourself again and again."

- Yuval Noah Harari

process is flexible and evolving and companies should look for opportunities to improve it quickly²⁷.

Innovation

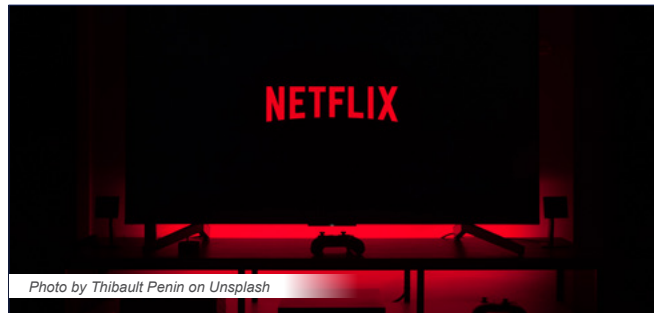
Innovation is the process by which ideas are transformed into new products. As Nissan LEAF became the world's first 100% electric car. They promoted it as an "*Innovation for the planet – innovation for all*".

Types of Innovation

There are broadly two types of innovations.

Continuous innovation: It refers to a minor innovation which doesn't require much of a new learning by customer for a product. For example, Qarshi has a famous herbal medicine Johar Joshanda that is helpful in cold, flu and cough. Previously this product was in a paper-based packaging that could absorb water and would become less effective if touched by any liquid, but now Qarshi has refined the packaging by making it water-proof so that content remains reserved even if water is accidentally spilled on it. There isn't anything that a customer has to learn but product has improved.

Discontinuous innovation (or radical innovation): It is a breakthrough innovation. It makes existing products obsolete and replaces them. Often customer learning is very high and so it requires investment from company to educate the consumer about product. Change from a personal computer in the form of desktop systems to laptop has altered people's way of working. From landline telephones to mobile phones and now smart-phones is another discontinuous innovation. Google Maps has made need for printed maps obsolete, Netflix has driven many video rental businesses out and Uber has cost jobs of several traditional cab services. According

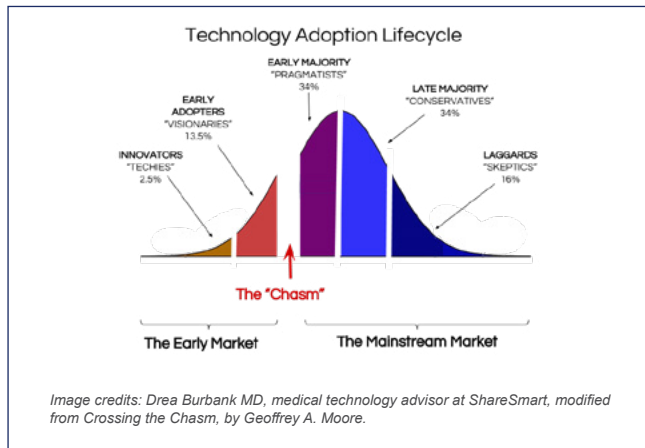


to some, finding these opportunities of discontinuous innovation and systematic approach is the most important business issue of this time²⁸.

Diffusion of Innovation


"Diffusion is the process by which an innovation is communicated through certain channels over time among the members of a social system".²⁹ Product characteristics and era impact heavily on rate of adoption. For example, telephone was invented in 1876 and it took quite a time to become popular but products released in recent years penetrated massive populations within months of release. Touch-screen technology had been very old but as it came to smartphones and tablets it has spread like wild fire among masses.

Diffusion of Innovation is an interesting theory that elaborates how new innovations are accepted by people. People have different mindsets, some love to try new things immediately while others are more resistant to change. Diffusion of Innovation shows a rough percent of population that falls into five different types of new product adopters.



Innovators: These are people who want to be the first ones to have the new product. Very few people purchase totally new products, they are usually 2.5% of population and are called as 'innovators'. They do not mind taking the risk of purchasing new product and are often young and from above average income families. These are although a very

—  *Diffusion of Innovation*: A chart that shows how new innovations penetrates in population by dividing them into different adoption groups: Innovators, early-adopters, early-majority, late-majority and laggards.

—  *Innovators*: A group of consumers that first adopt a new product, usually 2.5% of population.



Early Adopters: A group of consumers that is usually second to adopt a product, about 13.5% of population.



Early Majority: Third group to adopt new product, they are about 34% of market.



Late Majority: A group of sceptical consumers who are slow to adopt a new product but eventually do so to save money or in response to social pressure.



Laggards: A group of consumers who are last to adopt an innovation, about 16% population.



Product Life Cycle: The course of a product's sales and profit over its lifetime, from introduction, growth, maturity and decline.

small fraction of population but are important for companies because they end up sharing information about product in their circle thus making way for further product sales. Long lines outside Apple stores before its launch are examples of innovators. Pre-ordering is often done by them.

Early-adopters: According to this theory 13.5% population is early-adopter, the second group of customers who want to buy a product after the innovators. They are not as much of a risk taker as the innovators but just like innovators this group is also very important to the point that if some of this group doesn't buy the product then most likely remaining population won't either and product would fail. Crossing these first two adopter groups is like 'crossing the chasm' or the difficult phase and usually then product sales expand with relative ease.

Early-majority: Usually 34% population is early majority, its members prefer to wait a bit so that products relative acceptance is known and if there are any problems with the product those are fixed by the company. Usually by the time these people purchase, there are already many brands available so they have options.

Late-majority: 34% population is usually late-majority, that group of buyers opting for a new product. These are often older than previous three groups and are reluctant to try anything new. Some of these only do it by peer pressure. By this time, the product is already well spread in market and sometimes at full maturity or even start of decline.

Laggards: Last remaining 16% people fall in laggards category, they technically never adopt a new product but only the one that has already become a trend. These are often older people and are least motivated by any promotional campaign and in most cases are non-users of internet.

Product Life-Cycle (PLC)

Product Life Cycle is progression of product through development, introduction, growth, maturity and decline. Almost every new product moves through different stages, these phases reflect its total sales and profit. The product development costs company a lot of money and time in research and development. Now, once the product is launched it starts bringing in revenues and hence some cash. Here are the details of each stage.

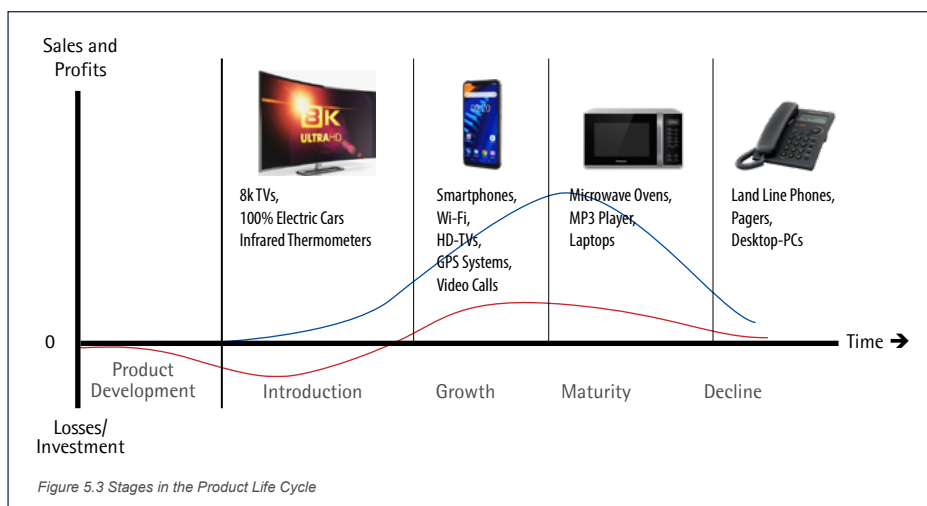
A company will face difficulties if it fails to understand in

which stage of PLC each of its product is. One big advantage of a new product can be that if it lacks any competition and customers really like it then a company can charge higher prices and profits.

Product Life Cycle is applied on general products and not on specific brands. As you may notice that sales and profit are already of the total industry and include sales of all brands combined together; hence it cannot be made for individual brands. Remember it is Product Life Cycle and not brand life cycle. However, PLC concept can be applied to a

- Product class e.g. gasoline powered automobiles, hybrids
- Product form e.g. SUVs, hatch-back

As the products are accepted in population, product keeps progressing in PLC stages as shown in Figure 5.3.



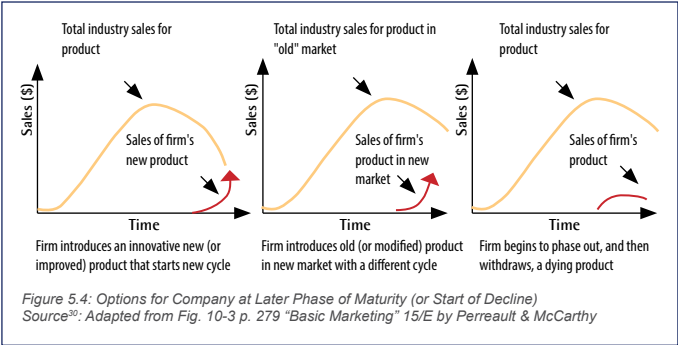
Introduction: A product is newly introduced into the market and since it is unknown so the company spends a lot on advertising trying to convince people of its benefits. At this stage distribution is also limited as not many customers are willing to buy so investing on distribution channels isn't worth it. Pricing strategy may depend on product category. Usually one of two approaches is used, either very low price is kept to gain most sales and earn from repeat customers or high price to gain profit from innovators. Problems are common at this stage, which also allow the company to refine the product. Early years of internet and even emails often had issues and were not always accessible.

In most cases because of high promotion cost, profits are not earned at this stage.

Growth: Sales rise quite rapidly during growth stage as product is now becoming more known in wider circles. Besides, repeat customers also start coming in. Profits start rising in this phase. Distribution is to be expanded. Many firms also expand product line. Various other companies also start offering this product so product improvements are made to stay competitive. For example, Flash Drives were first commercialized in 2000

but sales were not very high in initial years as majority of people were used to 'floppy drives' for data transfer. However, once people got used to the extra space and safer data storage benefits of 'flash drives' sales grew rapidly.

Maturity: Sales receive peak during this phase of maturity. A vast product line is provided and extensive distribution is developed to meet the demands by customers. In the later phase of maturity sales start declining and a firm has three options at this stage as shown in Fig. 5.4. One option is to introduce a new product or an improved product because it would initiate a new PLC. Second is to introduce the same product in a new market. Third option is to simply phase out the dying product and concentrate on other products.



Decline: Possible reasons for decline are change in customer taste or technological advances as from telephone to mobile and then to touch-screen smartphones. Board games are heading towards a relative decline since arrival of video games and mobile games.

Marketers need to amend 4Ps depending on the phase of PLC through which a product is going through as summarized in Table 5.2.

Effects and Responses	Screwdriver	Skate	Printer	Car
Marketing objective	Gain awareness	Stress differentiation	Maintain brand loyalty	Harvesting, deletion
Companies	None of importance	Growing	Many rivals	Reduced
Product	One	More versions	Full product line	Bestsellers
Price	Skimming or penetration	Usually high to take advantage of consumer demand	Defend share (avoid price war)	Stay profitable OR low to quick liquidation
Promotion	Inform, aim at innovators and early adopters	Stress brand benefits	Reminder oriented	Minimal
Distribution	Limited	More outlets	Maximum outlets	Selective

➤ Table 5.2 Implications of PLC for Marketing Actions

Extending the PLC

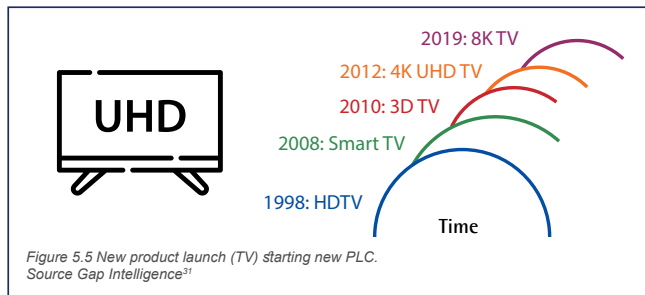
Promoting new uses of existing product helps in prolonging the PLC. For example,

Rooh Afza promoted in its ads that you should try using it on various desserts like custard and even on ice-cream for enhanced flavour. Another option is to encourage frequency of usage as many soap brands try to do.

However, ethics should be kept in mind while selling products. For example, interest based banking ads are found abundantly even though Allah has clearly mentioned that it is forbidden and will result in loss of remaining wealth. Similarly, various other brands would opt for planned obsolescence meaning they deliberately release a new product after very small time gap just to convince people to buy more and earn more profits. Such products have only JND (Just-Noticeable Difference) that is when the difference in a new product is so little that it is barely noticeable. Read the article published in New York Times by Nick Bilton for criticism on 'planned obsolescence' as shown in 'Ethical Concern' box³².

Examples of products in different stages:

- Introduction: 8k resolution TVs
- Growth: Ultra HD (4k) TVs, Tablet-PCs
- Maturity: Soft drinks, automobiles
- Decline: Cassette players, bottle openers



PLC Shapes

There is no fixed time frame of PLC of any product category. Some products take years in acceptance and stay for decades while others such as technological ones are often out of market within years on a regular basis. Same is the case with processors in computers as well as in the mobile phone industry. Consumer products may take 1.5 years to go from introduction to maturity.

Although a typical PLC shape may be simple but it is best to



"The greatest prison people live in, is the fear of what other people think"

- David Lee (b. 1952)

British author, speaker and former footballer

Fuel for Thoughts



Ethical Concern!

Corporations deliberately making new products with minor differences to profit at the cost of environment and economic waste.

Read this article published in New York Times.

<http://bits.blogs.nytimes.com/2012/10/28/disruptions-you-know-you-cant-live-without-apples-latest-glass-rectangle/>



PLC Shapes:

Different possible outcomes of a new product launch and its penetration into market.

know six more different types and try to forecast each:

- **Boom or Classic:** Consider it very ideal as according to it the product remains in maturity for a long time, so no new products are needed and still sales are maintained. Some brands (or rather their product categories) are still in maturity stage even after almost over eighty years as Dalda, Rooh Afza, Lipton, Lux, Lifebuoy and Coca-Cola.
- **Bust (failed product):** When a product does not properly take off and dies soon. Vast majority of new products fall in this PLC.
- **Fad:** *Fad* is a temporary period of unusually high sales driven by consumer enthusiasm and immediate product/brand popularity but usually an equally quick decline. For example, in the past decade the following fads were observed in our country. Ear cover winter accessory gained fame all of a sudden and it seemed that every other person in Lahore feels chills on ears but the very next year it almost disappeared. More recently in 2017 fidget spinner gained incredible fame at start of year but their decline started after just six months³³.
- **Extended Fad:** In some cases a product gains sudden boost then sales fall to a certain level and then that level is maintained. For example, car customization and accessories as neon lights were found in abundance around 2005-06 but went out of fashion in limited time and now have limited sales.
- **Seasonal (or Fashion):** Many new products keep on entering and exiting fashion but once invented keep on returning back after a slump. Most common example of seasonal fashion is the clothing industry. Weather effects also result in similar products.
- **Revival (or Nostalgia):** Usually after a product is almost at end, some consumers like to use it for nostalgia (to be lost in the past in memories). If sufficient number of people start reusing then it is considered revival. For example, Volkswagen had a successful product Beetle (called daddu car in Pakistan) from 1930s to 1980, then the company relaunched an enhanced version New Beetle in 1997 of it to touch nostalgia of its consumers.



Fad: Products that experience an almost overnight popularity but then also go out of fashion just as quickly.



Fidget spinner quickly gained sales at start of 2017 but went to decline after just six months.



Image by Matthias Wewering from Pixabay

Discussion - PLC shapes

List a product for each type of PLC shape

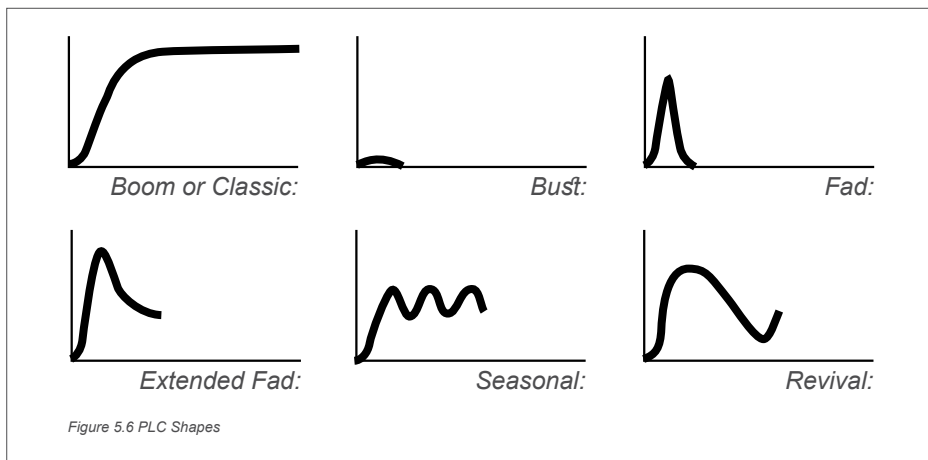
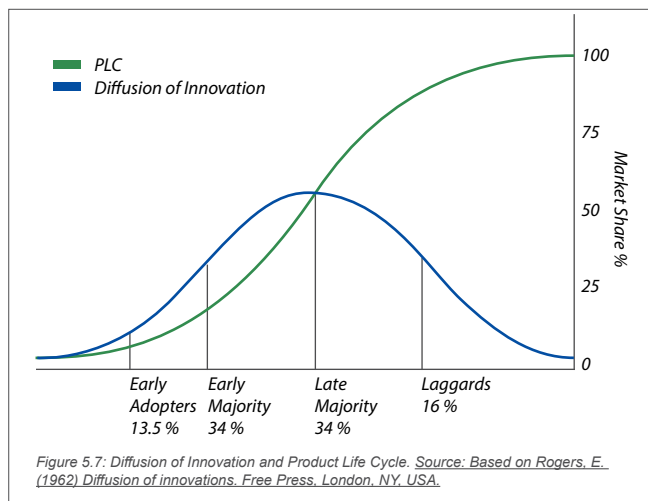


Figure 5.7 shows overlapping of Diffusion of Innovation and PLC. It allows understanding of penetration of a new product with respect to time.



"Any good product at one time becomes a poor product eventually"

- Anonymous

Chapter 5 Epilogue

KEY-TERMS



New to the World Products: Products that are new for entire population. (p-184)

Cannibalization: When launching a new product starts taking away sales or market share of previously launched product of the same company. (p-185)

Product Improvements: Minor product refinement. (p-185)

Serendipity: Occurrence of events by chance, usually meant for something good, such as a new discovery. (p-186)

Idea Generation: Systematic search for new product ideas. (p-188)

Reverse Engineering: It means taking apart a product that exists in market, then recreating it with modifications, in this way no copyright violation is done. (p-189)

New Product Concept: Detailed version of new-product idea in meaningful consumer terms. (p-191)

Concept Testing: Asking potential customers questions about pictures or descriptions of new product. (p-191)

Prototype: Physical form of a product created individually often utilising materials to be used in final product, usually a full working model. (p-192)

Spiral Development: It is a continuous process of improvement during the product development phase. Build a product prototype, give it to potential customers so they test it and give feedback, then based on their response revise or improve the product. (p-193)

Test Marketing: Stage in new product development in which a product and its marketing plan are tested in real settings but in limited zones (or on limited customers). (p-194)

Blind Tests: For testing purposes a potential customers is provided with few products of

same category but of different brands, without displaying the brand name of the products to test which brand's offering they would prefer without knowing the name. (p-194)

Commercialization: Launch of a new product. (p-195)

Continuous Innovation: Improving an already existing products/services or technology. (p-196)

Discontinuous or Radical Innovation: A breakthrough innovation that makes existing products obsolete and replaces them. (p-196)

Diffusion of Innovation: A chart that shows how new innovations penetrates in population by dividing them into different adoption groups: Innovators, early-adopters, early-majority, late-majority and laggards. (p-197)

Innovators: A group of consumers that first adopt a new product, usually 2.5% of population. (p-197)

Early Adopters: A group of consumers that is usually second to adopt a product, about 13.5% of population. (p-198)

Early Majority: Third group to adopt new product, they are about 34% of market. (p-198)

Laggards: A group of consumers who are last to adopt an innovation, about 16% population. (p-198)

Product Life Cycle: The course of a product's sales and profit over its lifetime, from introduction, growth, maturity and decline. (p-198)

PLC Shapes: Different possible outcomes of a new product launch and its penetration into market. (p-201)

Fad: Products that experience an almost overnight popularity but then also go out of fashion just as quickly. (p-202)

Innovation

Marks: 15

Time: 60-70 minutes

Q1. What is Innovation? ----- (3 marks)

<https://www.youtube.com/watch?v=liyMkOfycOg> [Video: 2min.]

- 1a. What exactly is meant by 'those other dots',? Brainstorm in your group and share if you were to explain 'innovation' in one or two words or maximum one sentence, what would it be? [1-mark]
- 1b. Video gives examples of various products that were those dots, such as fire, wheel, bicycle, car, computer, internet and smartphone. Think and perceive more such new products. List down your ideas and possibilities for future. [1 mark]

Q2. The Innovator's Dilemma by Clayton Christensen - Video Book Summary ----- (3 marks)

<https://www.youtube.com/watch?v=yUAtIQDllo8> [4min.]

- 2a. What is the difference between 'sustaining' and 'disruptive innovation'? [1 mark]
- 2b. What are some examples of 'disruptive innovations' by various brands as given in this video, elaborate any two in detail that how those brands disrupted. [2 marks]

Q3. Diffusion of Innovations: The Adoption Curve ----- (3 marks)

<https://www.youtube.com/watch?v=9QnfWhtujPA> [3min.30sec]

- 3a. What are the characteristics of 'innovators' the first group of potential customers? [1 mark]
- 3b. What is the benefit of knowing about 'the adoption curve' to a marketer or developer of new product e.g. as a marketer of a new product how will you tailor your messages to promote to first two-groups and then to third to ensure that your product crosses the chasm? [1 mark]
- 3c. Roughly how many people fall in third and fourth groups (early and late-majority)? [1 mark]

Q4. Diffusion of Innovation Theory: The "S" Curve ----- (3 marks)

<https://www.youtube.com/watch?v=NiNoNYLBabA> [3min.30sec]

- 4a. What is meant by S-curve? Why is it different from 'bell-shaped' diffusion curve when it also talks about same 5-levels of adopter groups? [1 mark]
- 4b. Why is it steep from middle but slow from start and end? [1 mark]
- 4c. Which characteristics impact the rate of adoption as explained at end of video? [1 mark]

Q5. Ethics and New Products ----- (3 marks)

Discuss the social value of new-product development activities that seem to encourage people to discard products that are not all worn out e.g. planned obsolescence. Is this an economic waste? How worn out is all worn out (explain specifically for a shirt, shoe, a cell phone and conveyance)? [250+ words]

<http://bits.blogs.nytimes.com/2012/10/28/disruptions-you-know-you-cant-live-without-apples-latest-glass-rectangle/>

Optional: The 'S' Curve video gives example of 'jet pack' for adoption. Use at least two new examples of products that you've seen in your life getting introduced and moving along the way through the S-curve. [Hint: Feel free to do research on net to know exact year of release e.g. of internet, a tablet-PC, 3D-TVs, smart-phones, online-shopping, etc.]

Bob the Inventor <http://www.crazygames.com/game/bob-the-inventor> [Online Game]

Play this game for just about 5 to 10 minutes and share if you get any idea of combining products to form new products?

Future of Transport and Prototype

Step-1: Think of new products relevant to transportation need. Hint: Free your mind from any limitations of technological possibilities so that you may think of even wildest possible ideas. Practical restrictions may be discussed later on.

Following are some new transport concepts (some are already commercialized others are in process):

Cyclotron Bike - A single hubless cycle needing 15 patents, meaning 15 innovative features.

<https://www.kickstarter.com/projects/1989795590/the-cyclotron-bike-revolutionary-spokeless-smart-c> It is also a good example of ways to raise money as they have standard retail of 1,600 Euro that is roughly Rs.2.4 lac but to early cash depositors they are giving it for 1.35 lac.

Pod Ride - Pedal and motor powered bicycle-car <https://www.youtube.com/watch?v=4lKq1fGtXFM> [2min.30sec.]

Walking Electric Treadmill - The Lopifit

www.youtube.com/watch?v=wpTHMi74NU0 [2min.] available on Amazon for \$2.5k (roughly 4 lac rupees)

Rocket Skates - Can be tied to any shoe <https://www.youtube.com/watch?v=mW7fTDHhuw> [3min.]

Walkcar - Car in a bag with top speed of 16km/hr . Priced at \$1.3k (Rs. 2.5 lac). Prototype came in 2016 although development started in 2013. https://www.youtube.com/watch?v=XvG_356itPs

Zapata Flyboard Air - a jet powered personal aerial vehicle Prototype in 2017, expected price unknown. It will consume 1 gallon gas in 1-minute. Maximum 6-minutes flight, with top speed upto 130km/hr and goes to an altitude of 150 metres. Company website: <https://zapata.com/air-products/flyboardair>
<https://www.youtube.com/watch?v=kB-BGMXxZc> [3min.]

AeroMobil - First flight in 2014. www.aeromobil.com/aeromobil-4_0-stol

It has 4-seats and can work as a cab too, an alternate to Uber. Price is a bit high, \$ 1.3 million, so roughly Rs. 20 crore excluding any taxes. Prototype and first flight was in 2014/15. Commercial launch in 2020 .

<https://www.youtube.com/watch?v=PPNIPCalM6s> [1min.40sec]

Which of these do you think will succeed and why?

	Cyclotron	Raht Racer	Lopifit Treadmill	Rocket Skates	Walkcar	Zapata Flyboard Air	AeroMobil
Concept	Futuristic cycle	Car + cycle	Walking e-treadmill	App Skates	Car in a bag	Flying hoverboard	Flying Car
Price		\$24k	\$2.5k	\$500 - Rs. 65k	\$1,300 - Rs. 1.5 lac	?	\$1.3m / Rs.16 crore
Max. Speed		100 km/hr		11 km/hr	16 km/hr.	130+km/hr	
Effort to drive			Normal				
Max. seats	1	2	1		1	1	4
Security / lock system / theft							
Running expenses	None	None	None			1 gallon/min.	
Motor		20-50kW	48 V				
Range		70+ km		8 km	1 hour (10-16 km)	6-minutes	
Prototype	2016	2014	2014		2016		2014
Charge time		9 hours		2 hours			
Website		kronfeldmotors	Lopifit				
Weight					6 lbs.		
Commercial availability			2016?	2014	2017?		2020
Size	Cycle	Car	Cycle	Shoe	A laptop size	Hoverboard	Car

Step-2: Brainstorm in your group and think of most practical (preferably green) transport that you think may help the humanity in upcoming future. First develop ideas. Then discuss and trim to limited impressive ones.

Step-3: Share the new product concept in detail.

Step-4: Create a prototype.

Source for most of above inventions- 100 inventions video: <https://www.youtube.com/watch?v=ex-gp0CcSDM>

Product Design Fundamentals

Marks: 10

Approx. time required: 2 to 3 hours

Submission type: Chart

Check the book: Fundamentals of Product Design (or any book on product design). Pick 10 products from this book per group. Brainstorm in your group and add some innovation in each. Sketch how the improved product will look like and what benefit will it serve.

New Products at IndieGogo

Search www.indiegogo.com and pick up at least two new project ideas that are over there e.g.

Laser Engraver www.indiegogo.com/projects/etcher-laser-the-most-versatile-laser-engraver#/

Tiny Tower Laptop Stand www.indiegogo.com/products/tiny-tower-laptop-stand

Puppyoo - Wireless Vacuum www.indiegogo.com/projects/t10-home-the-most-powerful-and-affordable-vacuum#/

Distraction Free Writing Tool: www.indiegogo.com/projects/traveler-ultimate-distraction-free-writing-tool#/

Plus: Feel free to explore more and pick up one new product of your own choice on IndieGogo.

Provide details of product covering important info such as:

Q1. Product

- Product type (convenience, shopping etc.)
- Need that it fulfils
- Estimated delivery date

Q2. Product Development

- At which stage of 'product development' is it according to IndieGogo? e.g. 'concept', 'prototype', 'production' or 'shipping'?
- What are challenges associated with this phase?

Q3. Innovation

- Which type of innovation is it, minor or major?
- What are salient/unique features of this product?

Q4. Future

- Timeline: (given for some of the products only) What appear to be the most important four events/dates in this timeline?
- Brand comparison: (given for some of the products only)

Ethics and New Products

Marks: 10

Time: 45 minutes

Q1. Planned Obsolescence ----- (5 marks)

Discuss the social value of new-product development activities that seem to encourage people to discard products that are not all worn out e.g. planned obsolescence. Is this an economic waste? How worn out is all worn out (explain specifically for a shirt, shoe, a cell phone and conveyance)? [300+ words]

<http://bits.blogs.nytimes.com/2012/10/28/disruptions-you-know-you-cant-live-without-apples-latest-glass-rectangle/>

Q2. Technology and Kids ----- (3 marks)

There was limit to how much Steve Jobs own kids could use technology as when once asked if his own kids like the company's products he responded that they've never used it. Go through following article and share your views? [150+ words]

<https://www.independent.co.uk/life-style/gadgets-and-tech/news/steve-jobs-apple-ipad-children-technology-birthday-a6893216.html>

Q3. Products in PLC stages ----- (2 marks)

Cite at least one (new) example of product/service that you feel is currently in each of the product life-cycle stages.

Interview of Product Development Manager

Marks: 10

Approx. time required: 2-3 hours

Conduct an interview with a marketing manager or a CEO and ask him questions for your own learning, such as:

- Q. Kindly introduce your company, when was it established and how far has it reached?
- Q. What are key marketing challenges that you face? What are the marketing relevant decisions that you have to make?
- Q. What is your target market? Which need your product fulfils?
- Q. What is the state of marketing research in your company? Is there a department?
- Q. What is your company's uniqueness compared to others offering similar products?
- Q. What is the impact or usage of internet for marketing activities?

Feel free to ask more questions from their responses. Summarize your findings. [1,000+ words] and share video recording.

New Board Game Product Concept

Marks: 20

Time: 90 minutes+

Brainstorm and come up with a detailed product concept for a board-game. Either create a totally new idea or get inspired by any existing works and re-engineer it.

Examples/Recommended: Timeline- inspiration for Islamic timeline. [also a similar mobile-game or video game can also be made]

Splendor- can be better with more points and players option.

Apples to Apples- can have local (history) words for vocabulary.

King of Tokyo- How about less dice role in it and making something like 'King of Lahore'?

Provide in detail:

- Product concept including game mechanics and rules as so many points person will win
- Create a prototype sample card/s
- Designing: Learn Adobe Photoshop or outsource to have designed professional cards
- Test: Try playing and improve
- Launch/Marketing: See if you can actually pull it off.

Designing a Prototype

Marks: 10

Time: 75 minutes.

To be done in group.

Some items may be allocated to each group such as old newspaper, carton, old computer item, post-it-notes, CDs, straws, cards, string, rubber bands, balloons, bottle caps, tape (or better sellotape), scissors, pens, colour pencils, blutak (reusable putty), plaster-shine, wood, blocks etc.

Group would be asked to think of and create a product themselves OR they may be asked to make a specific product such as a car, exercise machine etc.

Requirements: Group must have a working product ready within class time. Note: In case of car ensure that it travels. Evaluation may be on basis of how much distance it can covers, your proposed target market and positioning (why would people use your product?).

Interesting variant: Supplier may be added, perhaps TA or one of the group members may be chosen for it. Cost of materials will be specified but at same time artificial money might be given to each group, or alternately one person needs to record total transaction data. Supplier can also have more components not necessarily required in initial design, so they might be helpful in additional innovation.

[Advanced: Add more things in product (car) as communication module: yellow button, safety system; white, collision avoidance radar, green; etc.]

Brain-writing

- Take a paper, write some rough ideas for solving a problem or a new product idea.
- Pass it to the next person, they'll write their name and add their own thoughts to it. It can be comments as improvement suggestions or an alternate product.
- Repeat till whole class (or group of roughly 8-10 people) has written on each and every page.
- This gathered material can now either be discussed or read and material drawn for future project allocation etc.

Learning Outcome: The best benefit of this activity is that everyone gets a chance to share their views without being stopped. Secondly, it allows increased creativity in refining and/or developing new product.

Alternate version: Participants may be given BGs like Scythe, Power Grid and Dead of Winter and be asked to share their observations and develop ideas for a new board game.

Wish List

Create a wish list of minimum 30-40 points of what you intend to do in life. It can be very wild. Then discuss and trim down to more realistic ones, see if new products can be developed from those wishes.

Alternate version or second question: Your alter-ego, what if you are a super-hero?

100 Uses

One product may be allocated to each group such as old newspaper, carton, old computer item, post-it-notes, CDs, straws, cards, string, rubber bands, balloons, bottle caps, tape (or sellotape), scissors, pens, colour pencils, blutak (reusable putty), plaster-shine, etc.

Group has to come up with maximum different possible uses, preferably 100. (Max. 10 minutes) PLUS: Even more fun, make it somehow via Kahoot IDEAL for first class, let them make groups.

Learning outcome: To spark creativity and help participants learn idea generation phase.

Two Buckets

Marks: 10

Time: 60 minutes.

Two card sets. One has brand names of famous companies. Other set has product categories (industries). A group will pick one card from each (without looking at either name) and then develop at least two new product(s) from the product category chosen for that company after brain-storming for 5-7 minutes. Provide product features, benefits/value, target market, promotion ideas [more concepts can also be added]

Then one member will present to the class, while another will write only key ideas on board.

Optional: In end voting may be done for best product idea development.

Super Power - New Product Ideas

Which two powers you would prefer over all other? How can you use it for the greater good of humanity? What is the closest to it that humanity has achieved? Think of new product that can take us one step closer to achieving super-power status?

PLC

Summarize any article on PLC strategies e.g. www.netmba.com/marketing/product/lifecycle/ [50+ words each PLC stage]. It is recommended that you also insert a picture of PLC.

OR

Following products are in various stages of PLC. What marketing strategies would you suggest to these companies? (browse coursepack or any other source for details)

- Tablet PCs (introduction)
- UHT milk (growth)
- Smart phones (maturity)
- Hand-held manual bottle openers (decline)

Learning Outcome: It touches the important topic of PLC so that participants remember that different strategies are required at each stage.



Sketching for Product Design

Marks: 20

Approx. time required: 4 to 5 hours

Q1. How to Sketch like a Product Designer: Top 10 Tips ----- (5 marks)

<https://www.youtube.com/watch?v=0GYRJlreYtA> [2min.]

Pick up any three tips from this video and elaborate with a drawing of each.

Q2. How to Design a Smart Watch ----- (2 marks)

<https://www.youtube.com/watch?v=lZy7dZOGjc0> [3min.]

Elaborate what you understood from this video such as usage of underlay, utilizing of multiple sketches, Photoshop, number of pictures drawn, work done to get the prototype ready.

Q3. Contour Lines ----- (2 marks)

Watch any one of the following two videos (preferably both) and explain how are contour lines used to enhance a drawing?

How to draw with Contour Lines <https://www.youtube.com/watch?v=5ueqSrUbSxk> [6min.]

Drawing an Apple with Cross Contour Lines <https://www.youtube.com/watch?v=M9QPHXHpfw> [6min.]

Q4. Three Point Perspectives ----- (2 marks)

Understanding 1, 2 & 3 Point **Perspective**

<https://www.youtube.com/watch?v=ROIHybuf7cs> [1min.]

Elaborate what is the difference in these different point perspectives. What are vanishing points?

For remaining questions refer to the book '**Sketching: Drawing Techniques for Product Designers (2008/9)** by Koos Eissen and Roselien Steur

Q5. Underlay and Ergonomics ----- (2 marks)

Go through Page-10 and also read online about meanings of these words and explain with examples of both.

Q6. Purpose of Drawing ----- (3 marks)

- Summarize the purpose of drawing as given on this page with reference to footwear design. (Page-14) (1 mark)
- Draw any one of the shoes (black or blue one) drawn on this page. (2 marks)

Q7. Adidas - Product Design Process (Page-15) ----- (1 marks)

How simple is product design, explain the process as given here, (how many items and software are used?) [1-mark]

Q8. Light and Shading (Page-16) ----- (1 marks)

Why is light and shading required for 'product' sketches?

Q9. (Page-32 & 33) ----- (1 marks)

Explain 'foreshortening' through example of equal size plates in a row.

Q10. (Page-52 to 54) ----- (1 marks)

3D video game: Is hand-drawing needed for a 3D video game, elaborate from Guerrilla Games example.

Adobe Photoshop Basics

Marks: 20
Approx. time required: 3 to 4 hours

Learning to use an image editing software is often quite beneficial as through it many things including visiting cards, app layouts, website designs etc. can be made. In this regard two famous programs are GIMP (completely free) or Adobe Photoshop (only limited trial version). Gain grip on basics of one of these.

Go through first 10 episodes [roughly 2 hours] of this 33 episode course.

<https://www.youtube.com/playlist?list=PLYfCBK8lpIO6v0QjCj-TSrFUXnRV0WxfE>

Q1. ----- (3 marks)

Share a few of your learnings, such as names of at least six shortcut keys and their utility [each must be with a pictorial demonstration for elaboration].

Hint: Watch Episode 8 on Ten Handy Tips from above link.

Q2. ----- (2 marks)

What is the purpose of layers? If all art is drawn on a single layer, what could happen? Explain.

Hint: Watch Episode 5 on Layers from above link.

Q3. ----- (5 marks)

Explain how to use the basic tools such as Marquee, Lasso and Magic Wand. Elaborate each with a picture (of preferably your own work) on Photoshop.

Hint: Watch Episode 9 on Making Selections from above link.

Watch episodes 11-20 [roughly 2 hours] of this 33 episode course.

<https://www.youtube.com/playlist?list=PLYfCBK8lpIO6v0QjCj-TSrFUXnRV0WxfE>

Q4. ----- (2 marks)

What is the purpose of pen tool? Elaborate with a picture (of preferably your own work) on Photoshop.

Hint: Watch Episode 17 from above link.

Q5. ----- (2 marks)

What is the purpose of adjustment layers?

Hint: Watch Episode 20 from above link.

Q6. ----- (6 marks)

Design your **business card**: <https://www.youtube.com/watch?v=USoZLGyrgM> [10min.]

Banner Design (via Photoshop)

Design at least one of the following:

1. **Roll Up Banner:** www.youtube.com/watch?v=BFHIXxlyUp0 [10 min.]
2. **Corporate Web Banner:** www.youtube.com/watch?v=oVFFOYypTTs [12 min.]
3. **Design for a Taxi App:** www.youtube.com/watch?v=NbsS3seUR3Y [16 min.]
4. **Roll Up Banner** - Usage of pen tool, clipping mask, gradient, etc.

www.youtube.com/watch?v=RMNBW6d5n4E [19 min.]

As you can see that with just basic layer knowledge and using simple shapes and pen tool such elegant designs can be made easily and within just about 10-15 min

Also design one of these three Tri-Fold Brochures

5. **Mutli-purpose:** www.youtube.com/watch?v=k8_c4BQ56kw&t=270s
6. **Triangle and line:** www.youtube.com/watch?v=VkgqrHQGWcg
7. **A4 Trifold:** www.youtube.com/watch?v=bp0EtmmlCc&t=18s

Kickstarter and Product Design

Marks: 10

Approx. time required: 2 to 3 hours

Submission type: MS Word document. [individual]

Browse latest 'Product Design' projects at KickStarter at: <https://www.kickstarter.com/discover/categories/design/product%20design>

Choose any TWO that you like and analyse each [400+ words each]. Share details as:

- a. What is unique/innovative about this product?
- b. What is the target market of this product?
- c. Why do you think this product might succeed?
- d. If this product is brought in Pakistan how we can innovate it further and make it successful.

Interviewing a Baby Boomer

Marks: 10

Approx. time required: 3 hours

Interview an elder (someone preferably 60 or 70+ age) such as your grandfather/mother or maternal grandparents or one of parents etc. and ask them what type of life they had. For example, at the least following questions maybe asked:

- a. **Time spent:** What was lifestyle (activities and interests) of an average student in school/college days? What was a typical day like? (from time of getting up in morning to going to sleep) How many family members were you and how was life at home? How much time was spent with family and what tasks were done together? How were the friends and relatives?
- b. **Products (and needs):** What products/services were used when you were in college/university? What was used for writing? Which resources were used by teacher/instructor? How did you use to go to school/college (transportation)? What were student's favourite time-pass (entertainment/recreation) activities?
- c. **Human Life Cycle:** It is said that stages in life bring a lot of changes in one's lifestyle, kindly recall and share how many differences came in your life when you were single and then got married? Then what differences came when you had kids?
- d. **Ethics and Society:** Compared to that era what pros and cons do you see in the current life? How much people used to help each other in your days? It is often said that moral values are declining, share 1-2 incidences of your era where people demonstrated care for others, sacrificed for others or did

something for greater good of community/society. In the end kindly give a few suggestion that you can give as to how we (as individuals) might improve?

Interview should better be personal (although other forms of communications as mobile or online video may also fulfil the purpose but has lesser impact) and the longer it'll be more material shall you be able to draw. Try to cover each point; interview time must be at least **30 minutes**, preferably of 60+ minutes. Provide details of the person(s) interviewed e.g. name (and relation with you). Also take complete **video recording** of interview (with permission of the interviewee). **Video must show both people** the interviewer as well as interviewee throughout the duration of interview.

Health & Fitness Product Design

Mas Oyama trained for three years and became so expert that he would defeat one hundred black belts in a row. His strikes became so strong that even those who would block had their bones broken. However, learning martial arts takes a lot of time and seriousness, similarly working out requires effort that people are unwilling to exert in this era. What benefits can be emphasized to change this mindset? How can more people be invited towards fitness and/or to learn self-defense? In Pakistan most of media shows programs that are based on luck or humour but have nothing to do with health and fitness. Think of a new product/service how people can be attracted towards fitness relevant stuff. Kindly focus on innovation, what 'unique' and creative elements you can add to make it more appealing to the masses.

Exploratory Research Work for Idea Generation

1. Explore **YouTube channels** on fitness and provide their links and snapshots. (only famous / high subscription ones; mention at least 2-different channels) [2-slides]
2. Check **Pinterest and Facebook**. Research on **App store** and find fitness apps. Do research on various **websites** and share any two that provide detailed workout plans. [2-slides]
3. Check '**American Ninja Warrior**' and also '**Steve Austin's Broken Skull Challenge**', see what are they doing to attract the contestants as well as viewers to stay fit. [2 to 3-slides]

Summarize your overall findings and inspirations.

4. **Launching a New Service:** After going through the research phase, brain-storm in your group and develop a new service for Pakistan, starting from a large city as Lahore or Karachi. One that will encourage and reward for fitness. Create a very detailed plan for the actual product/service, what will people need to do to achieve it, how will they be rewarded for motivation. How will you promote? Will you use mainstream media to air it or just social media as YouTube etc.? [6 to 10 slides]

Note: Each member should've developed 4+ slides (about 20-30 words per slide) write-up but with detailed pictorial work. Assign duties to each of the members and write it on the first slide (who did what). Add screen shots of the comments, videos etc. in your slides.

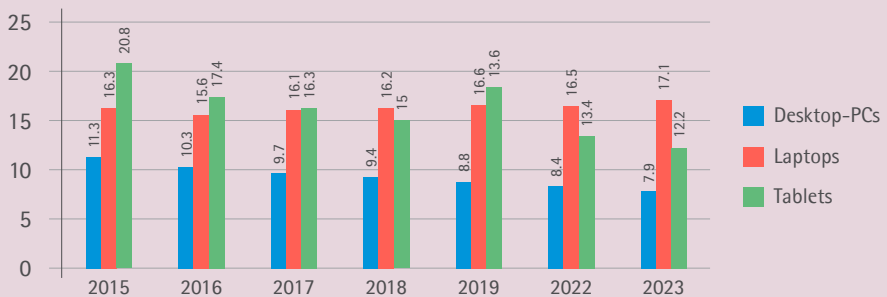
Outcome: Develop a 20+ slides Powerpoint containing your analysis and recommended new fitness or martial arts service for Pakistan.

Case: Laptops and Innovation

While a large chunk of world population has started using smartphones as their primary or even only device to use the internet for all their needs including connection with the world, nevertheless laptops maintain their need and in 2017 over 161 million laptops were sold online. That is over 16 crore and this figure doesn't include offline sales. (ref: www.telegraph.co.uk/black-friday/2018/11/21/best-uk-black-friday-cyber-monday-laptop-deals-far-today/). Future forecast for laptops is also on rise while that of desktop systems as well as tablets isn't.

Laptop, PCs and Tablets Sales

(in crore units)



Graph: Desktop-PCs, Laptops and Tablet-PCs Sales (forecasted from 2018 onwards). Source: Data by Statista, published September 2019³⁴.

First computer efforts were neither for gaming nor for internet rather government had issues in compiling census data and it took them seven years to do that for 1880. As a result in 1890 a man designed a system of punching cards that made census easy and saved the government at that time a massive 5 million dollars. He eventually made a company that became IBM.

1939 A German engineer built Z2, first computer

1943-44 Two professors created an 'Electronic Machine' capable of calculations, it was size of 20x40 feet room. It is considered grand daddy of modern computers. It also contained 18,000 vacuum tubes because transistor technology was developed later on in 1947 that could transfer electricity without vacuum.

1953 First computer language was developed.

1958 Integrated circuit or computer chip was developed.

1971 Floppy disk was developed allowing data sharing among computers.

1973 Ethernet- Connection among multiple computers became possible.

1975 Microsoft formed and IBM's 5100, a computer with 50 lbs. weight, and price of \$9,000 that can roughly be considered equal to Rs.50-55 lac accounting for inflation till 2018. Although it could display only 16-lines of text via CRT monitor but it was once considered peak of innovation at that time.

1976 Apple-I computer by Steve Jobs and Steve Wozniak.

1977 TRS-80 first computer intended for general audience as so far only business people utilized it. Only

- 3,000 units produced.
- 1981 First IBM PC sold to consumers. Also, used MS-DOS. Birth of laptops with Osborne-1.
- 1982 Commodore 64 launched and sold over 22 million units by 1993.
- 1990 Internet and WWW. Birth of HTML and foundations of World Wide Web leading to commercialization of internet.
- 1994 PCs also became gaming devices.
- 1999 Wi-Fi internet connection without wires.
- 2004 Mozilla Firefox and Facebook born.
- 2005 YouTube founded. Google also acquires Android. Lenovo purchased IBM's PC business including ThinkPad brand and as a result became world's largest manufacturer of PC.
- 2007 Windows 7 released allowing advances in touch and handwriting recognition.
- 2010 Tablet iPad became popularized.

History of Laptops Development and Innovation

Laptops were non-existent just a few decades ago, as a matter of fact the very first concept or prototype was shown in 1972 by Alan Kay but at that time technology to develop it was non-existent but now at dawn of 2021 it has become one of the hottest selling items. It was not so long ago when computers were unknown and IBM conducted research to gauge the market size yet the results said that less than 10 PCs would be needed in the world per year. Now, it seems that there is a laptop in perhaps even caves and jungles, possibly even in islands and North & South Poles. Companies are continuously coming up with more extended product lines attempting to come with a laptop for every budget and every type of user. Most of these are going for a newer version of models every year, often with minor innovations in design, specs and features but some are attempting to have unique innovations for their users. Let us have a look at brief history of laptops development and some memorable innovations.

Osborne 1 (1981)

First portable PC (perhaps laptop) with only \$1.8k price and 25 lbs. (11kg) weight. It had only 5 inch screen but was a hit as for the first time people could actually take their system and data with them anywhere.

Grid Compass 1101 (1982)

According to others this is the first laptop because of the form that we know today. Although it could only run limited applications and had only five inch screen. Because of \$8k price (roughly \$21k of 2018), considered equivalent to around Rs.25 lac it was only used by US Govt. or NASA and not by general public.

Epson HX-20 (1982)

It was built by Japan and lasted 50-hours per charge (due to extremely small black screen requiring minimum power consumption). Also, had built-in printer. Company claimed that it can fit inside your bag. Priced roughly Rs.3 lac of today and had only 3.5 pounds weight. Although it had a very small screen that could show only four lines but it became affordable for masses so some like to call it as the true first laptop. Sold over 2.5 lac units.

Then another company made a similar but improved famous **TRS-80 Model-100 (1983)** that sold six million units. (60 lac), became choice of journalists and also won award. *"it was the first laptop to become widely popular with early adopters."* - PC World

HP-75C (1982) HP's first laptop (or rather portable computer) had a single line of display. **Toshiba's T1100 (1985)** was praised and surpassed the then IBM's portable line because of its better performance.

GridPad (1989) was a convertible tablet with pen. Although it had a 10.5 inch screen but the input recognition system of Windows wasn't very useful and as a result it didn't gain widespread acceptance.

Apple's Macintosh Portable (1989) was priced at \$7300 but had 40mb hard-drive and a trackball (used as mouse). Later in early 1990s it evolved into Apple's PowerBook series that was first to feature **touch-trackpad** that is now found on most laptops.

IBM's ThinkPad (1992) best-selling laptop of IBM weighed 6 lbs and had price of \$4,350.

Toshiba's Portege T3400 (1995) First laptop to use lithium ion battery.

Alienware Area-51M (2002) First laptop that was specifically designed for gaming. It had 3GHz Pentium-4 with 40 GB storage.

Some recent examples of product innovation in laptops

Various laptops have also provided SIM card insertion and hence to be used as mobile phone as well. Some have now dedicated space for a **pen/stylus** built-in for touch-screen ones. **Backlit keyboards** for convenience of working at night, now even multiple colour options. Some laptops like Razer Blade Pro did an interesting innovation of putting **trackpad at the right side** of keyboard, a unique innovation and the result is that it is impossible to accidentally touch the trackpad while typing. For some it may be an awkward place for others it might be strange that why didn't anyone think of it before.

Lenovo ThinkPad w700ds (2008) added dual screen that could be made to slide from right side of primary screen. An interesting innovation but wasn't found useful by enough flock to reach mainstream / mass sales. Lenovo- the Chinese based company joined top 100 ranking brands according to interbrand.com

Lenovo Yoga (2012) introduced during 2-in-1 PC era utilized an innovative 360 degree swivel technology for the first time in its Yoga, thus merging boundaries between laptops and tablets. This option resulted in four modes of laptop usage- Laptop, tent mode, tablet and stand mode (for video viewing etc.). This idea has since then been widely mimicked by other manufacturers as well. Lenovo also now has whole product line of Yoga series.

Asus Taichi (2013) added another screen at back of lid so that even when closed one can still use the laptop as a tablet.

Microsoft Surface Book 2 (2017) is second generation of Microsoft's Surface series and has a detachable screen that can be used as tablet. With a pressure sensitive pen it can be used by animators and graphic designers but with a price tag of \$2,800 for base model and up to \$3,500 it is one of the priciest laptops in market, only for limited class of people. Foldable mouse that can be flattened for travelling and bent when usage requires, 1060 NVidia graphics card and over 12 hours of battery life are just some of its features.



Acer Predator 21 X (2017) While the world is rushing towards miniscule designs in technology and every other company continuously coming up with thinner and lighter models, minimum bezels and so on, yet there comes a massively large- 21 inch screen-sized, super stylish designed gaming laptop with magnetic removable keypad for a trackpad, weighing 19 lbs. and priced at \$9,000 (priced at Rs.15 lac at iShopping.pk). At this price one can buy a new car (Rs.8 lac) and a new high end laptop (Rs.1.5-2 lac) and a new LCD of 4k resolution of 65 inches (Rs.1.5-2 lac) and donate charity to a poor family for their entire year's food and clothing needs (Rs.2-2.5 lac) and still save some cash.

It obviously cannot be put in a backpack instead needs to be packed in a suitcase for mobility as two gigantic batteries weighing 6.5 pounds add further to its weight. Carrying it by hand is only viable for professional bodybuilders, for shifting a PC might be easier. Merely looking at it would make you ask yourself how many wonders are there in our world, seven, was it?

Nevertheless, it does pack quite a punch as it has 64 GB RAM, 1 TB SSD and 1 TB HDD, a 21 inch curved screen and two 1080 NVidia's currently latest and most powerful graphics card. It is the fastest laptop ever built but still because of its price it is what can be made, the peak of possibility instead of utility.

Lenovo's Yoga Book C930 (October 2018) priced at around \$1k / Rs.1.3k impressed the world with a unique innovation, imagine a laptop without a keyboard. Yes, you read that right, there is no keyboard in Yoga Book but instead it has a large trackpad called "Create Pad" by the company. This idea made it in best laptops of 2018 list by TechRadar. Create Pad is also convertible to pen input acceptance. It can also be used as an E-reader. Battery life of over 8-hours. Another thing with it while using it in type mode is that trackpad is minimizable and as soon as one starts typing it goes away minimizing below the spacebar. First Yoga Book was 10 inch launched in 2016 and second generation coming in 2018 is of 10.8 inches, weighing mere 1.7 lbs. and comes with a Wacom



Pen.

There are three different layout options as well as multiple languages on the keyboard. For more innovations merely to open Lenovo's Yoga Book you can double tap the top cover at which it opens.

Huawei Matebook X Pro (2018) put the camera in a button that can be opened and closed to avoid the privacy invasion by any source. A simple but effective improvement.

Asus ROG Zephyrus S (September 2018)

It is rare to have multiple new things in a single product and then still getting mass acceptance. One such laptop was developed by Asus for their ROG (Republic of Gamers) line in 2017 titled Asus ROG Zephyrus, it had many impressive specs but priced at \$3,000 (around Rs.3.5 to 4 lac) it still remained somewhat limited. Next year's model refined many things and is also surprisingly much cheaper at around \$2,000. Not only is it high in terms of specs and processing power and with NVidia's 1070 graphics gaming card but it also provides a new way of cooling called AAS (Active Aerodynamics System) that as the laptop is opened, the base expands to provide extra space for cooling.

Built by use of a customized process that is well crafted instead of just traditional metal press, result is a unique premium look and feel of the chassis. RGB customizable keyboard background keys. Keyboard at bottom and trackpad at side giving it a very different appearance than almost any other laptop. Besides trackpad can even be converted to number pad when lighted up, thus serving dual purpose. Above all else its weight of 4.6 pound and mere 15 cm it is the world's slimmest gaming laptop. Besides, it has also managed to reduce bezels further and it seems that in a 14 inch body a 15.6" screen has been packed. It got very high ratings as 5/5 at Think2Buy and considered a design marvel.

Asus Project Precog (Future Plan) Asus is after dual-screen that won't have a keyboard. If this becomes successful then perhaps in not so distant future we all shall be using keyboard-less laptops. It is an AI powered laptop that can be used either with its own one screen convertible to virtual keyboard or alternately with a bluetooth connected keyboard if both screens are needed.

Asus Zenbook Pro Duo (2019) seems to have impressed many with a laptop that has keyboard at bottom, trackpad at side and adding a second screen. With 4k resolution of each, it is expected to be utilized heavily by content creators as well as by multitaskers. Priced at 2,500 to 3,000 dollars (about 5 lac Rupees) its high end model has i9 processor and 32 GB RAM with two touch screens. Many reviewers claim that it seems from future. It has been built after research and development and testing and improvements over previous Asus Zenbooks that in 2018 used a second screen with one in place of trackpad.



Asus Zephyrus Duo (2020),

continuous innovation brought a merger of Zenbook and Zephyrus in this stylish laptop that not only has compactness in design, elevation from ground but also a second screen that tilts a few degrees towards the user. Undoubtedly on high end in terms of price but design that eradicates the competition- flawless victory!

Video links:

Acer Predator 21x (2017)- World's most powerful laptop www.youtube.com/watch?v=-BoBftoLd8

Lenovo Yoga Book C930 (2018)- Available in market: www.youtube.com/watch?v=HKza2lwgDEg

Asus ROG Zephyrus S (2018)- World's slimmest gaming laptop www.youtube.com/watch?v=Ek1CcuZ6364

Asus Project Precog (Prototype)- www.youtube.com/watch?v=txaaCel-vgo

Asus Zenbook Pro Duo (2019)- <https://www.youtube.com/watch?v=1aql7EnfbVM>

Asus Zephyrus Duo (2020) - <https://www.youtube.com/watch?v=gbEEYU1vQo>

CES (Consumer Electronics Show) is held once every year in USA usually in January. Brands show technological products that are about to be released, often working prototypes are also shown. One can always check online for last CES held and latest laptops revealed on it.

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Q1. What was wrong with Lenovo ThinkPad w700ds OR Asus Transformer Book that you think it didn't succeed, explain in light of 'diffusion of innovation' theory and 'crossing the chasm'. [2-marks]

Q2. From all of the computers and laptops history and examples given above provide at least one example of 'sustaining innovation' and one of 'disruptive innovation'. [2-marks]

Example of sustaining innovation: _____

Example of disruptive innovation: _____

Launching an innovative laptop

Think of more such innovations in laptop and imagine the possibility of getting it made preferably locally in Pakistan to generate more work, job and cash in house and eventually even exporting it. Alternately, utilize some help via China and see what future it might hold.

Develop an idea for at least one new laptop. Alternately, you can go for two laptops: one for business people with high end specs as intel's 10th generation i9 processor while other can be for students with 'cost cutting' as its prime objective as the definition of 'disruptive innovation' makes a product cheaper and affordable for masses. See which of these are most critical and beneficial technologies to be used for making it. Think of the most unique and innovative laptop that world can possibly have. Define the target market. What specs and/or design will it have? How will it be better?

Q3. First think and 'generate ideas', then select the best/most viable ones. [2-marks]

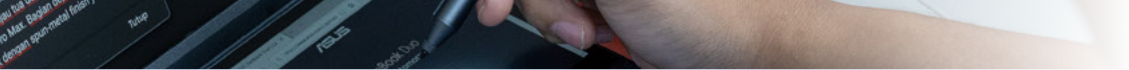
Idea-1: _____

Idea-2: _____

Q4. Explain the laptop (product) concept in detail such as what shall be the key features of this laptop, why would people buy it? [3-marks]

Product Concept: _____

Q5. What would be the target market? Will you be going for the business class, or students, or gamers, or



graphic designers, or multi-purpose? [1-mark]

Q6. Sketch Draw how it'll look like especially highlighting its unique features/design innovativeness [2-marks]

Q7. Where shall it be on a positioning map? Compare with at least two other laptops mentioned in this case. Plot at least three latest laptops given in this case against your designed one. [3-marks]

Chapter-6

Pricing

- 1 Price
- 2 Pricing Objectives (Intentions)
- 3 Factors to Consider When Setting Prices
- 4 Pricing Strategies

Learning Objectives

After reading this chapter you should be able to:

- Understand the significance of pricing
- Know about factors that influence pricing
- Understand various different pricing strategies

“

- Warren Buffett (b. 1930)
U.S. investor



"Price is what you pay. Value is
what you get."

”



Watch Lecture Video in Urdu (اردو)

<https://youtu.be/yxSvJ3uLO1c> [20min.]

Opening Scenario:

Pricing Motorcycles



Honda photo by The Ride Academy on Unsplash

Pakistan is world's 5th largest market of motorcycles with 7,500 new motorcycles being sold daily¹ and hence over 2.7 million (27 lac) units in 2017². Among a large number of brands present in Pakistan Honda remains the undisputed market leader; a position it has held for long despite being higher in price than others.

In 1963 – Atlas Autos Ltd. was founded³, then in 1990 it merged with another company to become Atlas Honda Ltd. (AHL). It launched 4-stroke bikes which were uncommon in Pakistan. Previously used two-stroke motorcycles had two issues. One, that they required a balance of oil to be added along with petrol that was a headache. Secondly, they had lower fuel consumption. Thirdly, those often

Image by Cicero7 from Pixabay

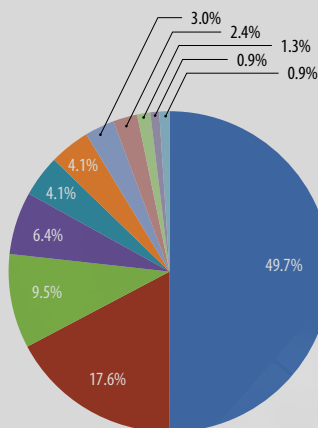


required maintenance. 4-stroke bikes were free from all of these problems but were pricier. For this Honda used a very long advertising campaign in 1990s of their motorcycle CD70 emphasizing the fuel efficiency of bike that it was capable of going up to 80km in just a litre of petrol. This ad series was successful and Honda became the market leader.

In late 1990s, there was no growth in the motorcycling industry but then in 2001 tariffs dropped and Chinese motorcycles entered the market that were low priced. As a result, sales of industry boosted at 30% which looked mature earlier on. This new growth was coming from new lower-price bikes and as a result the market share of Honda started shrinking. Here pricing was the prime difference and it seemed difficult for the company to maintain their lead so they made a decision to reduce prices (in short-term) and planned to install a new plant to reduce costs (for long-term price drop). AHL managed to do this successfully and in the next six years, sales of AHL boosted from 60,000 motorcycles per year in 2000 to 460,000 in 2006⁴. AHL started operations of another production line in Sheikhpura in 2016 that has now doubled the capacity to 1.2 million units. Besides one plant is in Karachi that produces 150,000 units making the total capability to 1.35 million motorcycles⁵.

Pakistan Automotive Manufacturers Association releases data on various vehicles sales.

	Sales	Market Share estimated*
Honda	1,150,346	49.7%
United Auto	405,982	17.6%
Road Prince	219,349	9.5%
Unique	148,818	6.4%
Super Star	95,698	4.1%
Super Power	94,358	4.1%
Crown	69,110	3.0%
HI Speed	56,287	2.4%
Ravi	29,658	1.3%
Yamaha	21,810	0.9%
Suzuki	21,724	0.9%
Total	2,313,140	



Honda Image by Jan W. from Pixabay

**Disclaimer: The market share is a rough estimate based on data available at PAMA's website of some brands for 2017/18* and of remaining brands from an article published in Pakistan Economist for year 2016*, that has been used as proxy to get a rough picture of overall market.*

Pricing affects both the customer as well as the company. A customer doesn't buy a product if he/she thinks that it is expensive. Similarly, a lot of decisions of the company are dependent on pricing. In marketing mix all other three Ps take investment while pricing brings profits.

Price



Price: The amount of money a buyer pays a seller in exchange for products and services.

Discussion

What can be the alternative terms for price?

E.g. Price (physical merchandise)

- Tuition (Education)
- Fee (professional services for lawyers, doctors etc.)
- Toll (Use of road/bridge, or long-distance phone rate)
- More terms

- _____
- _____
- _____

Price is the amount of money charged for a product or service or it can also be defined as the value one puts on the utility received for goods/services. Utility can be of any type as form, time, place and even convenience of owning a product such as COD (cash on delivery).

(Pricing decision can be made for short-term while other Ps usually require long-term change process. For example, a soft drink manufacturer can announce today that they are offering Rs. 5 off or they may end such an offer within a day.

Pricing has many other names as tuition, doctor's fee, toll and so on.

Many factors influence price changing. Technological changes push a product through PLC faster. For example, Intel is the world's second largest computer-chip manufacturing company (next to Samsung), it was founded in 1968 and released the first processors in 1971 but kept on coming up with newer models. Intel released 286 processors in 1986, then 386, 486, then Pentium series from 1993 to 2000, Dual-Core in 2006 and then Nehalem (i3 to i7) in 2010 with further



In technological products prices fall faster as PLC is shorter.

Photo by Slejven Djurakovic on Unsplash

enhancements in the following generation models as i9 series was launched in 2017 and its 10th generation released in October 2019⁸. Not to mention many more variants that have been released alongside. All of this has evolved in less

than three decades.

Mobile phones and video games also have similarly fast PLCs. Almost every time a new technology enters, especially the type that replaces previous technology, prices change dramatically.

Price Spent (Where it Goes?)

From the price that we pay for a product, a major chunk of it is not the cost of actual product. Here is a rough estimate about a product such as shoe of Rs. 1,000, it might have such a cost break-up:

- Rs. 200 (retailer margin with shop rent, utilities and salary)
- Rs. 200 (distribution)
- Rs. 150 (government taxes)
- Rs. 150 (company profit)
- Rs. 300 (actual manufacturing cost of shoe)

Similar cost break-ups are observable in publishing business as usually if the actual cost of printing and designing is Rs.900 for a 500 page full colour book then 5% might be author's (royalties), another 25% of wholesaler and then another 25% of retailer. So, the consumer would be getting the book for Rs.1,500 to 2,000 out of which real printing cost may be only Rs.900, but of course each layer is adding value.

Some people like to purchase from wholesale markets like many females prefer getting designer clothes made from non-branded shops called '*adday wala kam*' (embroidery work) as this serves benefits of getting product made directly from *karegar* (craftsman) and it also cuts-off the retailer layer of designer brand and thus brings price down massively.

Pricing Objectives (Intentions)

Pricing objectives could be one of many that a firm may have such as sales, market share, survival, social responsibility or profits.

Sales: At times companies are more concerned about getting sales than profits. This is often required when a company launches a new product in an existing industry, so they may attract buyers. Many companies evaluate their sales on a quarterly basis (every three-months) and sometimes even on monthly basis to see how much sales they had and how much money they earned. Comparisons are often made with



"A thing is worth whatever the buyer will pay for it."

- Publilius Syrus

Latin writer of mimes (85-43 BCE)

Fuel for Thoughts



The price of anything is the amount of life you exchange for it.



Pricing Objective:
Specifying role of pricing in an organization's strategic plan. It can be gaining market share, or profit maximization, or just survival etc.

the sales of the same period in the last year to see how much change has been observed as shown in Figure 6.1 for global smartphones market share of Q1 2020.

Market share: Market share is the ratio of unit sales to those of the industry. In other words it is the percentage of the total industry sales that each firm occupies. Market share is also often related with a firm's profitability. In most cases companies are concerned about their market share as it just gives them a sense of satisfaction if they are the leader. However, it may not always be the priority as for example any clothing brands reduce prices for season clearance sale to remove all stock instead of holding it till next season such as jackets. Space also occupies a certain cost. Rent of each square foot is magnified if such stock clearances are not done. Upon such clearances market shares are not considered.

BMW or Porsche in Pakistan do not have market share as their pricing objective as they earn with even fewer sales. Although overall car sales rose by 20% as more than 2 lac cars sold in fiscal year 2017-18⁹ with Corolla as market leader and Suzuki Mehran being next as shown in Table 6.1. Nevertheless, these are not the numbers that could be hit by any luxury brand.

Mobile phone brands have also gone through an interesting rise and fall. Nokia had 40% market in 2011 but has less than 1% in 2020.

Survival: Sometimes overall GDP of the country goes down or an industry is going through contraction or as a pandemic Coronavirus aka COVID-19 hit the globe in late 2019 and early 2020, in such situations sole survival instead of profit and market share becomes an issue. So, companies sometimes layoff employees and bring prices down (even below cost if needed) so they can remain in business and survive these difficult times.

Global Smartphone Market Share

(in percentage) for Q1 2020

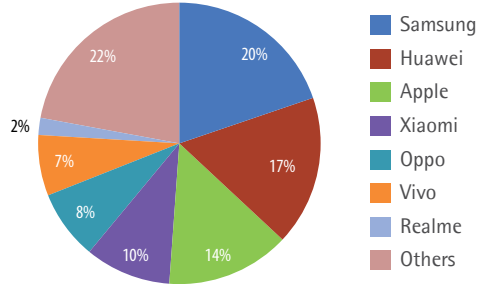


Figure 6.1 Mobile phone brands market share for one year sales as on January 2020. Source: Data available at CounterPoint. <https://www.counterpointresearch.com/global-smartphone-share/>



Photo by Campbell Boulanger on Unsplash

Brands**

Cars Sold

Toyota Corolla	51,412
Suzuki Mehran	46,221
Honda (Civic & City)	42,810
Suzuki WagonR	29,206
Suzuki Bolan	21,738
Suzuki Cultus	20,483
Suzuki Swift	4,916
Total Passenger Cars	216,786

Source: PAMA¹⁰ (cars sold between fiscal year 2017-18 (July 17 to June 18))

➤ Table 6.1 Cars Sale in Pakistan

**PAMA publishes data of only selected brands, other companies are not included in it.

Social responsibility: Social responsibility is also often made a motive by the company, where sales or profits are secondary but a company wants to provide jobs and serve the customers and won't be concerned about the financial success. For example, MIA Corporation is importer of various air-conditioning brands in Pakistan such as Acson and McQuay. It also has a textile plant in Islamabad. MIA's CEO claims that the textile division is not making any profit but they are not closing it because there are 200 employees, so two-hundred stoves (kitchens) are operational, meaning 200 families are being fed. They are only keeping it for the sake of people and not for profit.

Profit: Profit making is kept in mind while establishing a company as it is quite central to sustain a company. Many business textbooks emphasize that profit making is the ultimate purpose of a business, however, this misconception should be removed. While it is true that profit should be one of the most important objectives, after all if there are no profits then it seems as if there was no point in exerting all the effort. We as humans need money to fulfil most needs. However, if money making becomes the 'prime' purpose of a company then this may break some ethical boundaries. It'll end up with a compromise on quality, perform less than what it can, become myopic and even go as far as playing with consumers health and life. We have countless examples around us. For example, a certain very famous smartphone brand refused to launch an app that informs how much radiation a mobile phone releases¹¹, why? Because it releases a lot of harmful rays so they would never want their customers to know this, otherwise sales would fall and their purpose is money. Similarly, heavy usage of disposable diapers is extremely dangerous for children, as they become irritated because of the impurity on their body and grow up to be stubborn children. However, diaper companies neither share this major side-effect nor do they ever advise limited usage of their product,

Fuel for thought

Disposable diapers may provide peace of mind to parents temporarily but are considered very hazardous for children.

Check this article on 7 disadvantages of using disposable diapers.

<https://www.beingtheparent.com/7-disadvantages-of-using-disposable-diapers/>



Photo by Jimmy Conover on Unsplash

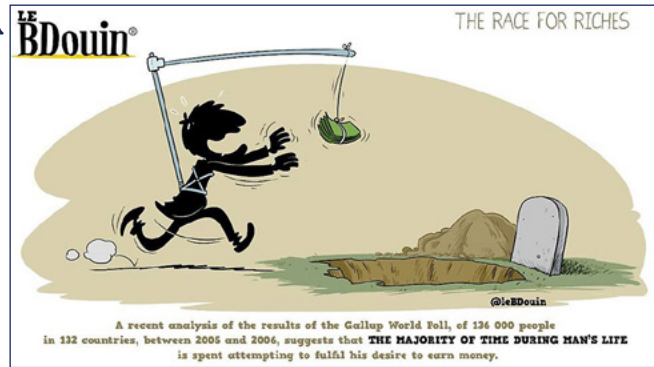
because they want more sales. Moreover, carbonated drink manufacturers never inform that these are one of the most dangerous drinks in the world, rather they would emphasize on various slogans about happiness, because they need money even if it comes at cost of people's health. Corporations emphasize various events such as New Year, Olympics etc., although on almost all such occasions money is wasted that could be used to serve the poor, but brands profit from such events because this is the purpose they exist for ... money making. So, **purpose of any business/corporation** should be:

- i. Serving Consumers (creation of The Creator): Benefitting humankind by making

- quality products and ensuring no such items are sold that are harmful for people or unlawful in Islam.
- ii. Reducing Unemployment: Creating jobs by hiring people.
- iii. Profit Making: Earning for own self.



Profit is often assumed to be the very purpose of pricing, while a man hasn't been created only to make money. The race for riches. Majority of time during man's life is spent attempting to fulfil his desire to earn money.



Credits: The Muslim Show. Reprinted with permission.

Application

- What would be your response to the statement, "Profit maximization is the only reasonable pricing objective for the firm"?
- Can PLC stages impact pricing?

Factors to Consider When Setting Prices

Customer perception of value might vary from product to product and also on other factors as an eatable may be priced very high in one country but would be of much lower price in another country. So, people buy products accordingly. For example, Big Mac (famous burger brand of McDonald) is most expensive in Switzerland¹². People spend a lot of money on entertainment in the Western countries, but in most of the sub-continent spending is very low.

There are two broad ways of setting prices.

Value-based Pricing: Setting price based on buyers' perception of value rather than on the seller's cost. In other words in value-based pricing, first of all the ideal selling price is calculated, then cost is estimated that will ensure that the price is met with some reasonable profit. Remember "Good value" is not the same as "low price".

For example, how much should be the price of a smartphone? What about a software, a pen or an app? There is a huge price difference in each of these products.

Cost-based Pricing: Setting prices based on the costs for producing, distributing, and selling the product plus a fair

"There are two fools in every market-one who asks too much and one who asks too little"

-Russian proverb.

rate of return for effort and risk. There are two types of costs:

- *FC (Fixed costs)*: These do not change with production
- *VC (Variable costs)*: These vary depending on production level i.e. no. of units produced

$$TC \text{ (Total cost)} = FC + VC$$

Costs at Different Levels of Production

Usually, if a company is making a limited number of units then it cannot reduce much cost. However, in making more units it manages to achieve economies of scale, so prices fall down. As discussed in the opening case of Honda this is how they managed to reduce pricing.

Experience Curve is the drop in average per-unit cost that comes with accumulated production experience as shown in Figure 6.2. As a company starts to make a new product it lacks the experience to do this efficiently, however, with passage of time it learns and starts looking for ways to reduce the time to do repetitive tasks. As a result costs fall down so it becomes possible for the company to reduce the prices as well.

Law of Demand and Supply

Demand curve: A curve that shows the number of units the market will be willing to buy in a given time period, at different prices. Some products are relatively inelastic especially life saving drugs. For example, suppose price of a cancer drug is doubled, it will barely result in reduced demand. However, in case of an item like soft drinks if price is increased then this difference will have a much more impact, as people will shift to alternate products like juices, flavoured milks etc.

Law of demand and supply say that sales and prices are inversely proportional. As prices go up sales fall as lesser number of people want to buy an expensive product and vice versa.

Fixed Costs: Costs that remain constant regardless of production or sales level.

Variable Costs: Part of costs that vary depending on the number of units being produced.

Experience Curve: The drop in average per-unit cost that comes with accumulated production experience.

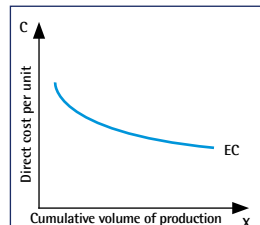
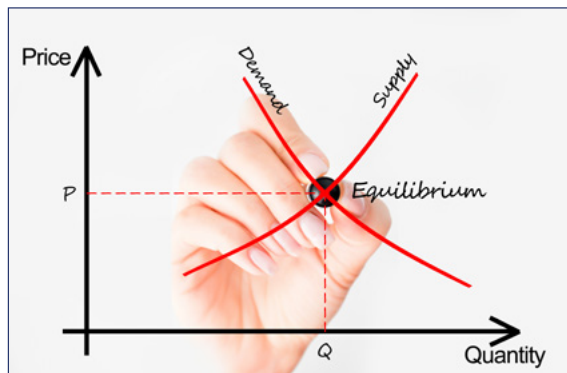


Figure 6.2 Experience Curve
As companies gain experience they manage to reduce some cost overtime.



© Eviart / Shutterstock.com

Pricing Strategies

There are various approaches to setting up prices and having knowledge of these approaches is beneficial so the relevant strategy can be applied whenever needed.



Market-Skimming

Pricing: Setting a high price for a new product and then gradually reducing it over time.

Market-Skimming Pricing: It is a pricing strategy in which a firm charges high price at product launch, then after earning some sales it reduces the price a bit, after some more time has passed it again reduces the price layer after layer to gain maximum revenue from customers willing to pay higher price. The word skimming has been derived from "skimming the milk", as milk is heated to extract cream and then cream is removed from top then milk is heated further to extract more cream.

There are many reasons for practicing this strategy. Companies want to gain profit from innovators who are eager to try the latest product. Once they've purchased, price is slashed to offer the product to other customers as early adopters. After some more time passes, another slab of price is reduced to gain more sales. This pricing strategy is often tried in high-technological products because there is a lot of cost associated in research and development of the product, so companies try to recover those expenses.

In rare cases companies also use skimming-pricing for demand management, it happens when demand of customers is higher than production capacity so it is difficult for a company to offer enough products. Once some customers have purchased the product, then the company expands its production facilities and reduces the prices. Otherwise, if many customers ask for the product and company cannot provide it to them then it results in customer dissatisfaction and damages the brand repute. Also, when a new product is introduced companies have to spend a lot on advertising and it also requires a quick cash recovery. For example, Samsung does so in many of its smartphones. Check the phone prices just a year later and those are down by 30% or so.

When HD TVs were launched in 1999 for the first time, those were priced around 20 lac rupees. These prices were dropped to mere 1 lac by 2005 as the technology matured.

Sony is well known for using skimming pricing strategy for most of its products. PS One was brought from 30k rupees to 10k rupees in 5-years time. One reason behind it is also technological improvements resulting in minor product improvements and cost reductions. Similarly, price of PS4



Market skimming pricing is often practiced in technological products as mobile phones or video game consoles. Sony's Playstation-4 was launched in 2013 for a price of \$400, reduced to \$350 in 2015 and then to \$300 in 2016 upon launch of PS4 Slim.

was \$400 at its launch in 2013, reduced to \$350 in 2015 and then to \$300 in 2016 upon launch of PS4 Slim.

Market-Penetration Pricing: In this type of pricing strategy a company keeps the price very low so they may earn through higher sales. This strategy is mostly used when a company introduces a new product in the market where already several brands are present. Many customers try this brand because of its lower price. Once enough customers have started repeat purchases then the company gradually increases the price. Retailers also practice this strategy by either offering low-price on all products or sometimes on just one or two products to lure customers into the shop who often end up purchasing other normal priced items as well.

This approach is suited for products that have elastic demand curves. Only then customers have a reason to purchase when price is low. For example, IKEA when launched in China had to bring its prices down otherwise a lot of potential customers were simply purchasing from cheaper non-branded options. Apple, although usually charges high prices but opted for a penetration pricing strategy upon launch of its first tablet iPad. Due to its large production capabilities, it was able to achieve economies of scale and priced it for \$500. Most other

Market-Penetration

Pricing: Setting a low price for a new product in order to attract a large number of buyers and a large market share.



"China aa gayaa hai.
China chaa gayaa
hai."

"چائنہ آگیا ہے۔ چائنہ
چھا گیا ہے۔"

— Local Retailers (of China
Sale Mela)

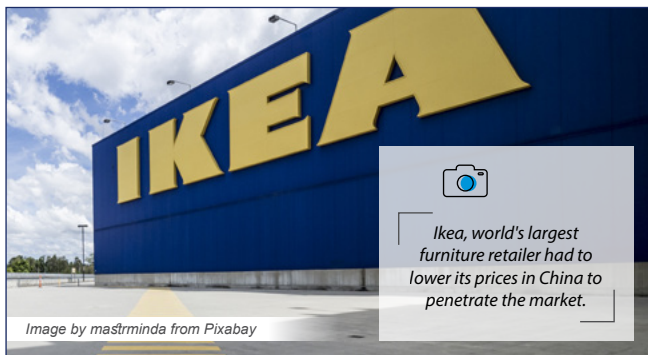


Image by mastminda from Pixabay



Ikea, world's largest furniture retailer had to lower its prices in China to penetrate the market.

Discussion

Skimming vs. Penetration
Which of the pricing policy is more appropriate for each of the following new products?

- New type of home lawn-sprinkling system
- A drug to help smokers quit
- A DVD/blu-ray for a PC software
- A new children's toy

firms that started manufacturing 'tablet-PC' were unable to match the price and several of them had to shut down their tablet product division. Using such predatory pricing where rivals cannot make money is also one of the prime reasons why marketing is criticized. Although using this approach one company made money but what about all those competitors and their employees who lost their jobs. Should a company really be that heart-less while running after money?



Product-Line

Pricing: Giving different prices to products of same line (category).

Product Line Pricing: It is setting prices across an entire product line. As most companies have multiple products therefore pricing should also reflect the differences among these. For example, Suzuki Cultus VXR might be available for around Rs. 18 lac, while Cultus VXL for Rs. 19 lac and Cultus Auto Gear for Rs. 20 lac. Similarly, even airlines sell tickets according to product line pricing by charging a higher price for business class seats and a lower one for economy class.



Optional-Product

Pricing: The pricing of extra or accessory product along with main product.

Optional-Product Pricing: Pricing optional or accessory products sold with the main product. It allows the companies to have reduced prices of main products. For example, a cellphone with extra SD card may not be utilized by everyone so a better option is to offer SD card for a separate price to those who wish to buy. Video games usually offer only one controller with console and second one can be purchased by paying extra.

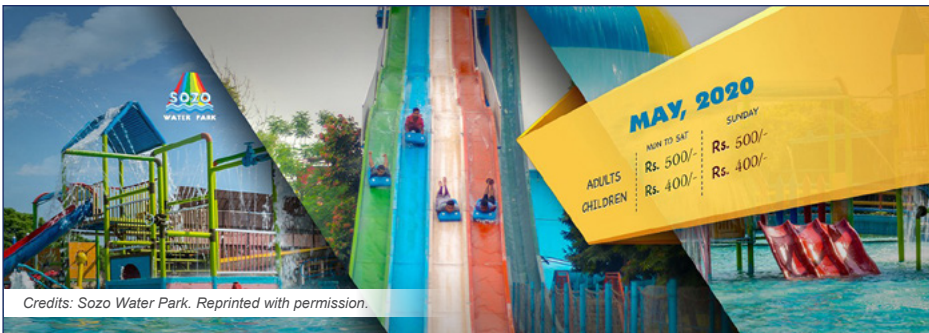


Captive-Product

Pricing: Pricing products that must be used with the main product.

Captive-Product Pricing: It is opposite of optional product pricing as in it a mandatory product to be used with a main product is priced separately and even higher. For example, HP's printers have cartridges priced almost as high as the printer itself. It allows the company to charge lower price for the main product.

In services it is called *two-part pricing*. For example, visit Sozo Waterpark or Joyland and there is an entry ticket then an additional ticket for each ride.



Credits: Sozo Water Park. Reprinted with permission.

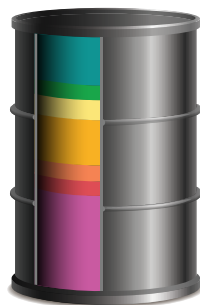
By-Product Pricing: Sometimes while manufacturing one product another is also created or can easily be created by some additional processing. For example, petroleum is processed in an oil refinery to get petrol, diesel, asphalt (used to construct roads), kerosene, and several other chemicals that are utilized for plastic and even pharmaceuticals. Organizations sometimes utilize these opportunities and expand into by-products. For example, many milk processing companies start from UHT milk and then get into ghee, butter, cheese or ice-cream business by installing relevant plants, while basic procedure of milk procurement remains the same.

By-Product Pricing:
Setting a price for by-products in order to make the main product's price more competitive.

Products Made from a Barrel of Crude Oil (Gallons) (2009)



Figure 6.3 By-Products of oil
Source: US Government Department of Energy
<https://www.energy.gov/articles/how-and-why-replacing-whole-barrel>



Product Bundle Pricing: It is a pricing strategy in which a company clips two or more products together and gives this whole bundle just one price tag. A large number of fast-food companies like KFC offer such combo meals or deals.

International Herald Tribune newspaper also offers that if you subscribe to it then you also get free access to digital resources.

Product Bundle Pricing:
Clipping multiple products together and setting a single price for it.



Photo by Aleks Doranovich on Unsplash



Fast food brands often utilize 'product bundle pricing' by clipping burger, french fries and softdrink.

Strategy	Description	Example (Generate new examples)
Skimming Pricing	Starting with a high price, then gradually reducing it over time to gain profit from initial sales	
Penetration Pricing	Charging a low price at launch to gain maximum market share	
Product line pricing	Setting prices across an entire product line	
Optional-product pricing	Pricing optional or accessory products sold with the main product	
Captive-product pricing	Pricing products that must be used with the main product	
By-product pricing	Pricing low-value by-products to get rid of them	
Product bundle pricing	Pricing bundles of products sold together	

➤ Table 6.2 Basic Pricing Strategies



Promotional

Pricing: Short term reduction in the price of a product to increase sales.

Promotional Pricing: Temporarily reducing prices (sometimes even below cost) to increase short-run sales. It has various categories.

For sale: Having 'for sale' tag leaves an impression that product is being offered at a better price than what a customer would buy it for otherwise. The disadvantage of using this is that some customers get used to buying only when a product would be on sale. Therefore it is best for companies to only occasionally use it.

Cash discount: In many B2B such extra discount offers are common that encourage purchasers to pay bill on cash or sooner. These discount terms are often clarified with exact numbers. For example, "2/10, net 30" meaning that payment is due within 30 days but 2% discount if paid within 10 days. This cash discount has become quite wide spread in businesses. As a matter of fact some companies have also started adding penalties too if payment is not returned in due time. From an Islamic point of view there are lots of issues in financial penalties as these are mostly forms of interest (*riba*), that is forbidden. It is best to gain knowledge of trade and transactions before starting a business.

Quantity discount: Discounts offered for purchasing larger volume of products are called quantity discounts. It can be provided either on basis of total purchases in a certain period say in a year or it can also be given one time that if instantly these number of units are purchased then this

much discount is to be given. For example, 'buy 2, get 1 free' is offered occasionally by some brands.

Functional/trade discount: Sometimes a channel member is asked to perform either certain functions such as picking or dropping the product or so. For performing this extra task a discount is given, called functional or trade discount. For example, a retailer may be offered extra incentive if he is willing to perform the job of wholesaler, in turn company may remove wholesalers from the distribution channel.

Seasonal discount: These are concessions offered by brands on those products that are out of season. For example, at end of winter season many apparel brands offer 'season discount' in order to clear their stock.

Allowances: It is the promotional money paid by the manufacturer to retailer to feature its products in some way. For example, a manufacturer may require the retailer to put its product at eye level. As having product at this height gives it better exposure and increases sale probability.

Rebates: Rebate is giving back some of the money in some other form. For example, if you buy this product then you can get 3% discount on education.

Segmented Pricing: Different prices but not on cost bases rather other elements such as customer segments or product form.

- Customer segment pricing: e.g. Museums (low-price for schools), UMT's café
- Product-form pricing: e.g. Mineral water SKUs
- Location pricing: e.g. Universities fees for International Students is much higher.
- Time pricing: e.g. Varying call rates

Psychological Pricing: Human psychology is an interesting thing. At times we assume certain things because of one reason or another. See how it allows marketers to use various approaches.

Prestige pricing: A company at times keeps the price higher than competitor only to give the impression to customer that their product is of higher quality as a number of customers often assume that.

Odd-pricing: It is a pricing strategy in which a company prices just below the next bigger number. There are no consistent researches proved on this belief but several marketers practice it. It is done by marketers with the assumption that customers will likely buy a product. For example, a product



Segmented Pricing:

Selling a product at two or more prices when differences in prices are not based on costs, instead different customer segments are charged differently.



Psychological

Pricing: Using different tactics to leave a psychological impact on the customer such as ending the product price with '9'.

Application

Price of a burger was increased by 50%. In defiance of basic economics, demand went up. How can this be explained? pricing?

**Geographical**

Pricing: Pricing on basis of geographical zones.

being offered at Rs. 999 is essentially Rs. 1,000 but the consumer perceives it in three digits instead of four digit figure.

Fixed rate vs. price flexibility: It is also a company's choice to either opt for a fix rate for all customers or alternately leave it to negotiations. Some customers have the habit of arguing so some companies go for a higher asking price to let the customer think that some advantage was gained after bargain. Alternately, more profit could be earned from those who don't ask for a price reduction.

Geographical Pricing: It is often very important for a company to be able to ship the product on time but equally important is delivering it in a cost effective way. Pricing on the basis of geographical areas is called geographical pricing. For example, suppose a product is to be sent to Multan and Karachi but is being manufactured in Islamabad then there are many ways of how it can be priced.

FOB (free on board) pricing: It means that the buyer has to pay for shipment. Seller might only help in loading the product on a vehicle (or transportation company) selected by the buyer. So, customer pays the freight from factory. Responsibility of seller ends as soon as the product is loaded in the carrier. Very alternately **FOB freight absorption** pricing is also used in which buyer doesn't pay for transportation, seller does.

Uniform-delivered pricing: In it a firm charges exactly the same price irrespective of the buyer's location or distance from seller.

Zone pricing: In it the company sets zones and customers in a zone pay the same price. A company in Islamabad may set its city as zone-1 for lowest transportation charges, then cities from Lahore, Faisalabad and Multan in zone-2 for some expense and far-away ones like Karachi and Gwadar in zone-3 for higher travelling costs.

Basing-point pricing: Some city is set as a basing point by seller, all customers pay freight from it.

**Dynamic Pricing:**

Varying the price of the product, depending on the changing marketing conditions.

Dynamic Pricing: Adjusting prices continually to meet the characteristics and needs of individual customers and situations. This practice is quite common in both the airline industry as well as in hotels. Try going for *umrah* and reserve your ticket three months in advance, chances are that ticket might cost you Rs.50,000. Now, make an attempt to go just before Ramadan, getting the same ticket of the same company two weeks earlier on shall likely be double the

original price. Getting a hotel is no different, during normal days you might get a hotel room for your whole family for perhaps just 150 riyals a night in Madina but during peak days these rates could boost to even 1,000 Riyals on Eid.

Some companies like Alaska Airline even offer different quotes for every customer by analysing their online search patterns. If a customer always looks for discounts then the company offers them reasonable price but if customer often clicks on luxury products then they charge him a higher price. Such actions may not always be good for companies because when such customers are seated next to each other and get to know the ticket price difference they paid then it makes them question the company's approach.



Not in every market either strategy could be used as product type also has a role. Similarly, multinationals may use one strategy in a country and another in second. Even local companies might be using multiple strategies at one time on different products.

Strategy	Description	Example (Generate new examples)
Promotion pricing	Reducing prices to reward customer responses such as paying early or promoting the product	
Segmented pricing	Adjusting prices to allow for differences in customers, products, or locations	
Psychological pricing	Adjusting prices for psychological effect	
Geographical pricing	Adjusting prices to account for the geographic location of customers	
Dynamic pricing	Adjusting prices continually to meet the characteristics and needs of individual customers and situations	

➤ Table 6.3 Advanced Pricing Strategies

Chapter 6 Epilogue

KEY-TERMS



Price: The amount of money a buyer pays a seller in exchange for products and services. (p-226)

Pricing Objective: Specifying role of pricing in an organization's strategic plan. It can be gaining market share, or profit maximization, or just survival etc. (p-227)

Fixed Costs: Costs that remain constant regardless of production or sales level. (p-231)

Variable Costs: Part of costs that vary depending on the number of units being produced. (p-231)

Experience Curve: The drop in average per-unit cost that comes with accumulated production experience. (p-231)

Market-Skimming Pricing: Setting a high price for a new product and then gradually reducing it over time. (p-232)

Market-Penetration Pricing: Setting a low price for a new product in order to attract a large number of buyers and a large market share. (p-233)

Product-Line Pricing: Giving different prices to products of same line (category). (p-234)

Optional-Product Pricing: The pricing of extra or accessory product along with main product. (p-234)

Captive-Product Pricing: Pricing products that must be used with the main product. (p-234)

By-Product Pricing: Setting a price for by-products in order to make the main product's price more competitive. (p-235)

Product Bundle Pricing: Clipping multiple products together and setting a single price for it. (p-235)

Promotional Pricing: Short term reduction in the price of a product to increase sales. (p-236)

Segmented Pricing: Selling a product at two or more prices when differences in prices are not based on costs, instead different customer segments are charged differently. (p-237)

Psychological Pricing: Using different tactics to leave a psychological impact on the customer such as ending the product price with '9'. (p-237)

Geographical Pricing: Pricing on basis of geographical zones. (p-238)

Dynamic Pricing: Varying the price of the product, depending on the changing marketing conditions. (p-238)

Pricing Strategies

Marks: 22

Time: 60 minutes

Note: This is an open book/notes activity. It is recommended that you try to solve it without any assistance first and then take help afterwards.

MCQs ----- (17 marks)

For all MCQs choose one of the following:

- | | | |
|-----------------------------|-------------------------------|-------------------------|
| a. Market-Skimming Pricing | b. Market-Penetration Pricing | c. Product-Line Pricing |
| d. Optional-Product Pricing | e. Captive-Product Pricing | f. By-Product Pricing |
| g. Product Bundle Pricing | h. Promotional Pricing | i. Segmented Pricing |
| j. Psychological Pricing | k. Geographical Pricing | l. Dynamic Pricing |
- Sony released PlayStation-3 in 2006 at a price of \$500. A few months later it reduced the price and kept on slashing until recently it has brought it to \$250. This type of pricing strategy is: _____
 - If Microsoft offers MS Windows and MS Office combined for \$150 then it would be an example of: _____
 - Setting a price for products that must be used along with a main product is: _____
 - TCS charges Rs. 100 for shipment (of documents or other light weight items) whether the destination is the same city or a city located 1,500 kms. away. It is called uniform-delivered pricing and comes in: _____
 - Nokia 8 (mobile phone) could be bought for Rs. 35,000. Besides, Nokia's bluetooth earpiece can be bought for an additional Rs.5,000. This type of pricing is: _____

6. Toyota Corolla XLi comes for Rs. 25 lac and Toyota Corolla GLi starts for Rs. 28 lac. This is an example of ____.
7. Most soft drink manufacturers reduce their prices in Ramadan. It is called 'seasonal discount' and comes in ____.
8. Xiaomi released its mobile phone Redmi Note 5 at a low price of Rs. 23,500 (as opposed to other brands offering at higher price) to attract a large number of buyers. It is ____.
9. In poultry business many shops sell 'chicken' at a certain standard price and sell 'chicken feet' (instead of wasting) to other interested parties. It is ____.
10. Qarshi charges Rs.45 for 1.5-Litre bottle of Springley (bottled mineral water) and Rs. 20 for half litre. It is called product-form pricing and is a part of ____.
11. "2/10, net 30," means that although payment is due within 30 days, the buyer can deduct 2 percent if the bill is paid within 10 days. It is an example of ____.
12. BMW launched their 5-series in competition with Mercedes but priced their cars lower. Mercedes in response increased prices of its cars and recaptured its share. Mercedes' response can best be described as ____.
13. If a customer reserves a seat for going to umrah 6 months in advance then charges are near Rs. 50,000 per seat, but as the time approaches all airlines increase their prices depending on seat availability. If they have less seats then prices boost near Rs.90,000/seat. This type of pricing strategy is ____.
14. You can buy a Gillette Mach3 razor with a cartridge for Rs. 500. However, once you've bought the razor you're committed to buying replacement cartridges that come for about Rs. 800 for a four-pack. It is ____.
15. Selling a product or service at two or more prices, where the difference in prices is not based on differences in cost is called ____.
16. When consumers cannot judge the quality of a product because they lack information or skill, they are likely to perceive a higher-priced product as having higher quality. It is an example of ____.
17. Customer-segment pricing, product-form pricing, location pricing, and time pricing are all examples of ____.

Fill in the Blanks ----- (5 marks)

- a) _____ is the amount of money charged for a product or service.
- b) _____ pricing involves setting prices based on the costs for producing, distributing, and selling the product plus a fair rate of return for effort and risk.
- c) _____ costs vary directly with the level of production.
- d) The drop in the average per-unit production cost that comes with accumulated production experience is called _____.
- e) _____-based pricing is better than _____-based pricing.

Pricing

Note: This is an open book/notes activity. It is recommended that you try to solve it without any assistance first and then take help afterwards.

Q1. ----- (2 marks)

Explain market-skimming and market-penetration pricing strategies (using own words). Why would a marketer of innovative high-tech products choose market-skimming pricing rather than market-penetration pricing when launching a new product?

Q2. ----- (2 marks)

Compare and contrast fixed and variable costs and give three examples of each.

Q3. ----- (2 marks)

Explain the differences between value-based pricing and cost-based pricing (in own words). Your firm has based its pricing strictly on cost-bases in the past. As the newly hired marketing manager, you believe this policy should change. Write the president a memo explaining your reasons.

Chapter-7

Promotion

- 1 Promotion Mix
- 2 The Communication Process
- 3 Push and Pull Strategies
- 4 Managing the Promotion Mix

Learning Objectives

After reading this chapter you should be able to:

- Understand various different promotion tools
- Know the communication process and its implication for promotion planners
- Differentiate between 'push' and 'pull' promotional strategies

“

- P.T. Barnum (d. 1891)
American showman, politician and
businessman



*"Without promotion something
terrible happens... Nothing."*

”



Watch Lecture Video in Urdu (اردو)
<https://youtu.be/z55cL68cSZA> [25min.]

Opening Scenario:

Branding Cricket

Cricket is a famous sport in Pakistan, especially whenever Pakistan's international team is playing any match, it is viewed by majority. Cricket has many variants such as test cricket, ODI (One Day International), T20 and now 100-ball cricket.

T20 is arguably the most famous form as a match is concluded in just about 3-hours. This time is lesser than an average ODI that takes almost a whole day as it lasts 8-hours, as a result T20 is preferred among people looking forward to knowing the result within a shorter time-frame. T20's original idea was initiated by England in 2003, which was further popularized by IPL (Indian Premier League) in 2008 that gave a new direction to the young generation. Later, Pakistan also introduced Twenty20 cricket league named as PSL ([Pakistan Super League](#)) which was founded in September 2015, as the official cricket board PCB (Pakistan Cricket Board) initiated it. In 2016 it started matches in UAE to catch eyes of cricket lovers. The former Pakistani National team captains Wasim Akram and Rameez Raja were contracted by PSL to run their promotional campaigns and were also made brand ambassadors.

PSL 2018 was planned with most matches in Dubai, Sharjah etc. and finals in Pakistan (Lahore & Karachi). It was broadcasted on channels in multiple

countries' such as in Pakistan on PTV Sports and Ten Sports, in Afghanistan, Australia, Bangladesh, Middle East, UK and USA.

Logos and names of teams were chosen for relevance as most of the names were linked with each team's regional roots. Such as Peshawar Zalmi (meaning friend) that has a pure touch of KPK and especially in UAE a reasonable population is Pushto speaking and they are energized while watching their team's matches. Same is true for Lahore Qalandars, Quetta Gladiators, Karachi Kings and Islamabad United. Initially it had these five teams and because of initial success it now consists of six teams with Multan Sultan's introduction in 2018.

PSL's commercials also became a hallmark of excitement.

The PSL has given a good start to T20 and has also collaborated with some well-known coaches which could be an edge to them. Similarly they also have some prominent international players in the teams as well such as Chris Gayle, Sangakkara, Shane Watson, Darren Sammy, Brendon McCullum and more as well. Collectively PSL by PCB has brought a strong marketing medium and it seems even more refinement will be coming in future.



Sources:

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<https://aurora.dawn.com/news/1141411>
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<https://profit.pakistantoday.com.pk/2018/03/05/psl-good-cricket-but-bad-business/>
<https://nation.com.pk/05-Apr-2018/psl-a-real-ray-of-hope-for-pakistani-youth-sabih>
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Photo by Aksh' yadav on Unsplash

Photo by Chirayu Trivedi on Unsplash

Promotion Mix

So far we have learnt that promotion is a part of marketing although an important one. Just as PSL needs various promotional strategies so do all other brands if they are to be known, heard and sold.



Promotion Mix: A subset of marketing mix and a combination of one or more promotion tools.

Promotion mix: The specific blend of 'promotion tools' that the company uses to communicate customer value and build customer relationship. It is also alternately called as marketing communications mix. It contains different types of promotional activities clipped under separate heads. Following are major promotion tools as shown in Table 7.1:

Name		Explanation	Platform
1	Advertising	Paid form of non-personal promotion in media	TV, press, outdoor & radio
2	Sales promotion	Short-term discount	Coupons, displays
3	Public relations	Building good relations with various publics as media, government	Press releases
4	Personal selling	Utilizing sales people to sell	Sales force
5	Direct marketing	Targeting potential customers individually	Mail, mobile, telephone
6	Digital marketing	Internet (social networking, videos, pics, app)	Facebook, YouTube, Twitter, Instagram etc.
7	Guerrilla marketing	Using innovative unconventional methods with little cost	Multiple

➤ Table 7.1 Promotion Mix - Various Promotion Tools

Need for IMC (Integrated Marketing Communication)

Many companies nowadays face this issue that when they try to promote via various different mediums, result is development of conflicting messages for the consumers. For instance, sales force person of the company may be emphasizing one attribute of a product, but the company website might have a slogan that focuses on some other strength and the advertisement may be talking about yet a third benefit. Usually the reason is that since different elements of promotion are responsibilities of different departments or even other companies, for example, an ad is made by an advertising agency, website developed by another, app built by third, Facebook page handled by yet another company then the result could be catastrophic as all

Activity - Brand and Types of Promotion

Select a brand of your choice and list which of its ads have you seen in which medium e.g. TV, print, digital etc.

won't be on the same page. This brings need for *IMC (Integrated Marketing Communications)* that is carefully integrating and coordinating the company's various communications channels to deliver a clear, consistent and compelling message about the organization and its products. Just as mentioned in 'positioning' concept that a product and its total relevant promotion must convey a consistent message to build a specific image about it otherwise a confusing message won't build a brand. Often achieving IMC is not that easy as people of one department fail to understand how a different technique would be more effective. For example, those involved in TV may not find much benefit in digital promotional efforts and vice versa. This issue is usually best resolved in appointing one person in company responsible for finalization of all forms of communication.

For example: Ufone's ads have higher consistency in this regard as their TVCs show humour and often similar colour scheme is followed in their press ads too with similar message.

Advertising

The word 'advert' has been derived from Latin meaning 'to turn mind/attention towards', or to divert attention¹. Advertising is what many people consider synonymous with marketing or promotion. It has a very ancient history. Wall's were painted by Romans to announce gladiator fights, sales of cattle or cosmetics were made aware to public via town criers in Greece. However, modern marketers now have to plan to utilize various mediums available from TV Commercials, to digital resources that require a lot of attention.

Advertising is any paid form of non-personal presentation and promotion of ideas, goods, or services in media as:

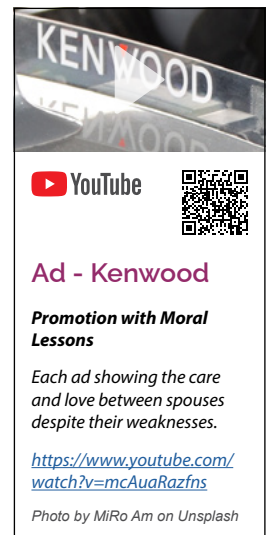
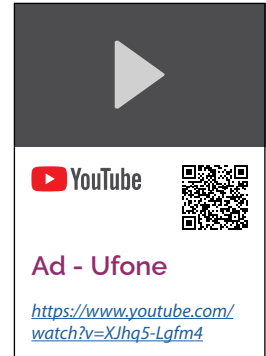
- Broadcast (TV and radio)
- Press or print includes magazine and newspapers etc.
- Outdoor (billboards, banners etc.)

Various brands use billboards for their promotion purpose. Sometimes advertising agencies utilize buildings or bridges for promotion too. Surf Excel launched "Dirt is good" campaign in which they also conducted events and games in schools to encourage children to not be afraid of dirt. Although this approach has been criticized as it encourages impurity instead of cleanliness.

Advertising, since is part of non-personal promotion may

Integrated Marketing Communication

(IMC): A strategy in which each component of promotion mix is carefully coordinated to deliver a clear and consistent message.



 *Advertising: Non-personal communication that is paid by a company for good, service or idea.*



In outdoor promotion various methods are used besides billboards, such as utilizing a bridge sides as done here for Sufi brand.



Sufi's outdoor advertising. Picture taken by Media Track Pakistan. Reprinted with permission.

Media Advertising Spending in Pakistan

FY 2017-18 (in billion Rs.)

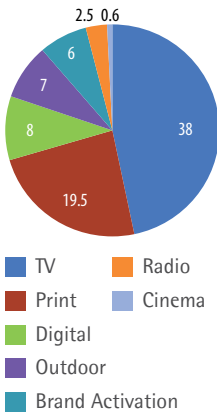


Figure 7.1 Chart data by Aurora of total advertising spend in Pakistan with TV still having 46% (Rs. 38 billion) as of 2017-18 and digital in relative infancy despite the fact that it is growing rapidly (<https://aurora.dawn.com/news/1143364>).

involve newspaper, magazines, radio, television or other means of communication for example billboards, bus stop signage or even large screens on road to attract attention of traffic on a signal. Various media advertising spending is shown in Figure 7.1.

Political parties also use advertising to sell their product 'good governance' e.g. during 2018 elections in Pakistan, each party had been displaying ads on TV, PML-N emphasizing on 'vote ko izzat do, khidmat ko vote do' (give respect to vote, give vote to 'service'), PTI asking for 'naya Pakistan' (New Pakistan) focusing on change ... etc.

In this era despite spread of advanced technology there are still a lot of rural places with no connectivity such as cable, internet and thus no latest advertising medium. For example, in Northern areas of Pakistan that are often visited by foreigners too such as *Naran & Kaghan*, some hotels advertise by painting the large rocks or the mountains at the roadsides which would catch attention of the traveller. The advertisers try to utilize any possible option to appropriately market their products, goods and services or business.

Advertising is one of the most convenient ways to reach large number of people and thus in persuading people to buy it. Advertising helps to let the customer know about the launch of the new brand. It can also easily convey benefits of a new product launched by an existing brand, thus it can influence their brand choice. For example, Coca Cola is one of the top brands of the world but even they spent almost \$6 billion (18% of their revenue in 2018) on their advertising² just to keep themselves in mind of people.



Product Placement:

A sales promotion tool that uses a brand name in a movie or TV show.

Product Placement is displaying a product prominently in a TV program or show, it is a sub-type of advertising. Product placement is as old as 'soap operas'. As a matter of fact 'soap operas' were named because of heavy promotion by soap companies. Performers would often share benefits of the



Brands have been using various medias for 'product placement' to reach the masses. Transformers movie series has been featuring over 40 brands in each film as analysed here by Hollywood Branded.

Activity - Advertising on Mountains

If you are brand manager of a restaurant in hilly areas (choose a brand of your choice) and would like to utilize mountain to promote, how or what sort of painting and wording would you like to utilize to convince potential customers to buy your product.



Ad - Bill Gates in Coke Ad

Interpret this ad. What is the message that it is trying to convey?

<https://www.youtube.com/watch?v=U5T0cR1aHJ4>

Image by Steve Buissinne from Pixabay



Direct Marketing:

Promotion approach that uses directly approaching the target customers such as via telephone, mail or door-to-door selling.

products during the shows³. Nowadays product placement has evolved to another level with advent of cinema and movies, to the point that even bidding is done to choose brand whose products would be displayed during a scene, logos that would be prominent and so on. Audi's display in Iron Man trilogy and General Motor's winning of bid for Transformers are open examples. In April 2018 GM displayed upcoming model of Chevrolet Camaro that was designed exactly like the one shown in last/fifth Transformers movie⁴ that was released in 2017. The idea behind was to have people view the product well before its launch.

However, if the product placement is totally out of sync from story then it may damage the brand instead of promoting as it gives the impression that the show/movie is just an extended ad instead of entertainment.

It costs millions of dollars to have product placement, but it still is cheaper than a 30-second ad in terms of impact, especially since people usually prefer skipping ads so companies at times fail to get sufficient returns for the money spent.

For example: Pakistan's famous drama serial *Suno Chanda* on HUM TV has a lot of product placement of Al-Karam brand and Oppo, as the actors keep repeating about visiting Al-Karam again and again in multiple episodes.

Based on a research by Gallup overall daily TV viewership has fallen from 2.25 hours to 2.01 in Pakistan from roughly 2014 to 2017⁵ and is in a steady decline all across the globe. Same is true for printed materials as newspapers and magazines, so marketers have to readjust their budgets and invest more in digital marketing as compared to advertising. Some people say that old-mass media (TV) will die eventually as is evident from actual numbers that are in a continuous decline. Others say mass-media will work with rest of technologies but it won't be the only or major player and will keep a certain portion.

Direct Marketing

Targeting specified potential customers and contacting them without any intermediary (such as wholesaler or retailer) is considered *direct marketing*. It often requires an immediate response and hence its result can be measured instantly as well. Any organization that uses direct marketing has the opportunity to target narrowly but to highly desirable customers. Direct marketing has a key advantage over mass media as message can be customized, tailored to each



individual. To catch their audiences they try to engage them in different activities which could include golf tournaments or charitable causes.

Direct marketing is connecting with carefully targeted individual consumers to both obtain an immediate response and cultivate long lasting customer relationships. It may use following:

- Direct mail (postal),
- Catalogues marketing,
- Telephone marketing,
- Kiosks (stalls),
- Door-to-door leafletting.

Part of internet marketing may also come under direct marketing but this chapter covers it in 'digital marketing'

Telephone marketing (or telemarketing) is relatively uncommon in Pakistan. Many Western companies do it and even outsource it from Pakistan (or other nations that have low labour rates). Now, there are many call centres in Pakistan providing such services as telemarketing.

Catalogue marketing is as the name says attempts of promoting the products by distribution of catalogues that contain detailed pictures of products. This is quite common in garments brands and is often sent via post. It allows consumers to go through company brands and details while being in the comfort of their homes.

Personal Selling

Personal presentation of company's sales force through sales presentations, trade shows and incentive programs is called *personal selling*. It is marketing with face-to-face interaction with customer. It is older than what most might think, as four thousand years ago 'Code of Hammurabi' protected rights of salesmen. He was the king of Babylon (*aka Babil*) it is the famous ancient city in Iraq around Hazrat Ibrahim AS era of about 1700 BCE. Personal selling can take many forms as an example if you order a burger and the person behind the counter suggests up-sizing your order, it is also a type of personal selling. Personal selling is a two-way communication between potential customer and a paid employee. In most cases employees are given extra rewards and incentives for specific number of sales, this motivates them and they try harder. Personal selling is mostly done face to face or also done by using different electronic communication devices as

Application - Direct Marketing

What are your thoughts about direct mail as a consumer? How often do you receive leaflet at home? Have you ever purchased a product because of it?


 **Personal Selling:**
Selling that involves direct interaction between a salesperson and customer.



Photo by Cytonn Photography on Unsplash

telephone or mobile. It is often done for transaction but nowadays many companies don't use it only to sell a product but also to build a long-term relationship with customers.

Personal selling is usually done in insurance, sale or purchase of automobiles, real estate (which includes sale or purchase of property, house or rent a house etc.). For example, Pak-Qatar Takaful utilize personal sales force for selling its Islamic insurance. Acson air-conditioners also have a similar system. Avon is a famous brand of cosmetics that relies on the model of personal selling.

Public Relations (PR)

Public relation is a communication strategy that companies use to build good relations with the public. It is done by obtaining favourable publicity, building up a good corporate image and handling unfavourable rumours, stories and events. It builds trusts and is less expensive. It may include not just stakeholders as shareholders, customers, employees but also government, community members and media.

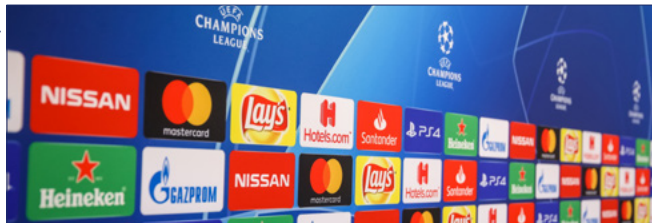
A PR (Public Relations) department plans for promotion of such activities. It may include newsletter, magazines, public interviews etc. That totally depends on how they handle company reputation, product reputation and what material actually company provides to the press person on the weekly basis. Also the company should try to avoid the bad material about its reputation. As unfortunately, sometimes negative PR goes beyond the control of a company. PR department is a link between the company and media. It invites press conferences to announce release of products or other good steps taken by company. For example, Toyota had an issue in 2010 about pedals, so it recalled 8.1 million vehicles from the world, closed the advertising campaign and hired a firm for its PR to deal with this crisis.

Sometimes public demands and expects social responsibility from companies such as employee welfare, environmental friendly products, community improvement and various other similar causes. Therefore, companies should focus on such environmental and moral concerns. For example, Starbucks Coffee Company is a famous American brand that is under pressure to be greener and as a result it has listed some promises that it intends to achieve in next ten years by 2030⁶.

Sponsorship is when an organization provides money or resources for an event or activity in exchange for a direct association with that event or activity. Sports sponsorship is in particularly very famous as it provides a lot of media coverage and publicity. For example, many events are also organized through assistance of sponsors. UEFA is European Football that is sponsored by a large number of famous brands. Similarly,



Sponsorship: UEFA is European Football that is sponsored by a large number of famous brands.



© Veneridis Vasilis / Shutterstock.com



shoes of athletes serve more than just performance, instead work as billboards for sponsors⁷.

Many vloggers (who make and post videos online) who have a large number of subscribers on YouTube are also occasionally sponsored by various brands for promotion. For example, Irfan Junejo is a famous Pakistani vlogger with over 8 lac subscribers (as of Jan 2020⁸) was contacted by Emirates to review their 'business class' and sponsored it so they may reach their target market.



Vloggers are contacted by brands as Irfan Junejo shared his review about 'Emirates A380, Business Class' upon being sponsored by them.

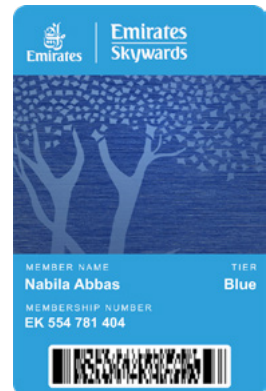
Snapshot printed with permission. Emirates and Youtube are registered trademarks of respective owners.

Sales Promotion


It is short-term incentive to encourage the purchase or sale of a product or service. These are usually not in routine. Sales promotion gets quick response from the customers. This is the speedy process to sell products and consists of many mediums of promotion. Consumer-oriented sales promotions include discounts, coupons, premiums, free samples, contests, deals, rebates and demonstrations etc.

Another common phenomenon behind sales promotion is to bring audience to those particular company products which haven't gotten much attention. Moreover, it can be effective to dramatize the promotion which will help in the quicker, responsive and fluent purchases of a product. Customers are often standing in lines outside a shop/brand that goes on sale.

A frequent flyer program that targets such customers who purchase often is sales promotion. For example, Emirates creates different cards for its customers. Sapphire a designer brand reduced the price of a clutch purse of Rs.4,000 down to Rs.1,200, as a result a number of customers purchased it.



Credits: Nabila Abbas.



Sales promotion is best leveraged with other promotional tools. As advertising brings awareness and sales promotion helps in trial or purchase. Advertising says, “buy our product,” while sales promotion says, “buy it now.” Sales promotion effects are often short lived and are usually not as effective as advertising or personal selling in building long-run brand preference and customer relationships.

Ideally the sales team should work together closely with other marketing departments so that the impact is holistic. Otherwise as mentioned earlier there won't be IMC and conflicting messages might be sent to consumers resulting in lower sales.

Companies often provide a sample product to such third parties that review a product, so they may test it and spread the word about it. A mobile phone handset or a new video game before its release is provided to such independent websites. This allows companies to build hype without spending any money. When Nintendo launched its Wii console in 2006, they used free sampling type model to allow people to experience playing it almost two months before its launch. This allowed its potential customers to get an idea of the product.

Digital Marketing



Digital Marketing:

Usage of internet for promotion through channels as websites, search engines, online videos, blogs, vlogs, social media, mobile ads and apps.

Usage of internet for promotion through channels as websites, search engines, online videos, blogs, vlogs, social media, mobile ads and apps is called as *digital marketing*. It is now the fastest growing form of promotion. Internet has allowed companies to have global reach with minimum cost. It is also very easy to measure total traffic - number of clicks, site visits, ads over which potential customers hovered their mouse and eventually lead to sales. Moreover, with rapid pace of internet users rising and smartphones becoming more and more common it also allows marketers to have better reach. Another advantage is that catalogues and prices can be changed very quickly and easily especially in cases where products are also being sold online only as there is no hassle of retailer complaints. It also saves the company from arguing with and guidance of sales team, because it is communicating with consumers directly. Digital mediums and social networking sites allow brands to be more relevant to their customers.

Many organizations are moving towards making digital marketing departments which includes 'social media

accounts and these are being accessed not just on computing systems but also on smartphones. However, it is also leading now to a lot of spam mail as some advertisers start bothering excessively to even those who do not want to buy those products.

Mobile marketing includes SMS as well as apps. People usually check their mobile phone more than 150 times in a day. It has now become their primary screen, that they view more than TV, laptop etc. For example, Food Panda is a famous app among Pakistanis. It allows food delivery from various restaurants to doorstep and charges nominally for it. It also sends SMS promotion to its customers (SMS marketing).



Online videos is another important tool. It may have many forms. Sometimes companies post their TVC online either before or after the commercial campaign on TV/cable to extend their reach. Besides, some brands make entertainment or instructional videos and marketers hope that these go viral. "Viral marketing is any marketing technique that induces websites or users to pass on a marketing message to other sites or users, creating a potentially exponential growth in the message's visibility and effect."¹¹ It can be considered online WOM (Word-of-Mouth). For example, Honda just before launching its CR-V car, targeted famous Pinterest users who had thousands of followers and asked them to leave Pinterest for a day and actually spend that time in fulfilling their dreams, it turned out to be a very effective campaign.¹²

Blogs are a type of online journals that focus on one precise topic. These are also utilized by marketers to reach their specific target market. Blogs too however, may not be much in control of companies as these are primarily consumer dominant forums. So dissatisfied customers may end up convincing other people not to buy from this brand.

Social Media has become another highly influential medium for consumer interaction with brand. It includes Facebook, Google+, Twitter, Instagram, Pinterest, LinkedIn, Snapchat, YouTube etc. Many companies have their own presence on most of the social websites. Try visiting a website of any renowned brand and you'll likely find logos and links to their various social media forums.



Social Media has become a highly influential medium for consumer interaction with brand.



Image by monicore from Pixabay



Guerrilla Marketing

It is low-cost but unconventional and innovative way to promote a product. Mostly practiced by new companies since they don't have large marketing budgets. So, instead of cash, it requires creativity and imagination, the ability to think out of the box. A form of guerrilla marketing is Buzz marketing that is offline spreading of word, cultivating opinion leaders and getting them to spread information about a product or service to others in their communities¹³.

Application of Concept

- Promotion Mix

What general mix of promotion would you use for each of following products?

- Inexpensive umbrellas
- Raffles PC for business
- Raffles PC for home
- Nurpur Butter
- Post-it notes
- Chocolate
- UPS

The Communication Process

How often it happens that you shared your thoughts or ideas with your friend but you were concerned whether your message was conveyed correctly or not, if that person understood your message or you failed to elaborate. Marketers also have a similar concern when they try to communicate as the message might be misinterpreted.

The *communication process* commences when the sender (company/brand) has an idea, a message that it wants to pass on to the receiver (customer). The idea is then encoded into a form, such as an advertising, in a way that the receiver grasps it. After encoding the message a medium such as a website, sales person, TV, smartphone etc. is selected to transfer it. This medium or channel is to be chosen on the basis of target market, i.e. the potential customers should be easily reached. Noise is an important factor throughout this process which can hinder the broadcast of the communication and lessen its efficiency. It can be any type of distraction that affects the message that is being sent, received or even understood. For example, a TV commercial may not be understood by a potential customer because his mobile phone is ringing at the same time.

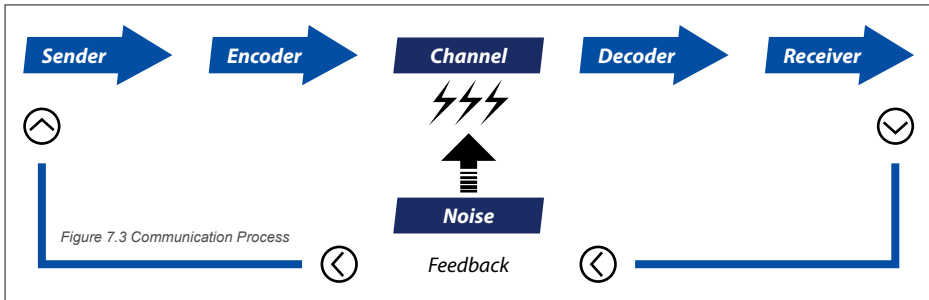
After the message is delivered the receiver decodes the message by interpreting what the message means. This is the most crucial step as the message the receiver decodes may not be the same as what the sender may have intended. So when the company is encoding a message they have to keep in mind the receiver/customer. Overly strong claims such as 'world's best ... product' may also be rejected by some audience, unless it is backed by some factual data. After decoding the message the receiver gives a response in terms of a feedback to the sender, such as by purchasing the product.



Communication

Process: The transmission of a promotional message from sender to receiver by encoding it by choosing the words, pictures and other symbols and then displaying it on a channel/media.

Communication process is summarized in Figure 7.3.




Sender: It is the initiator of message in the communication system as company or advertising agency. It wants to transfer a message such as an advertisement, an advice (keeping the city clean, wearing helmet or seat-belt for safety) or a request (such as dams for Pakistan initiative by Supreme Court) to a receiver.

Encoding: The message must be converted into clear terms and conveyed through a communications channel.

Channel/media: The message is transferred by a channel or media i.e. a means of communication such as a salesperson, advertisement or public relation instruments. An effective message usually gather's receiver's attention and also triggers the need and recommends an appropriate method of satisfying it.

Noise: Noise includes irrelevant factors that can influence and hinder effective communication by creating lot of problems in the message received. There are many types of noises such as physical or psychological. Noise can be a simple mistake such as printing mistake that effect the meaning and might fail to convey the original message properly. Noise can also happen when a salesperson is unable to express in the right way. This could be done when salesperson uses the slang language or mode of communication is poor or salesperson is forcing or pushing and as a result potential customer is disturbed. Besides, due to lots of other distractions a message may not be perceived. E.g. a person waiting for a signal to turn green may not notice the content of a billboard as his mind is distracted by thoughts of reaching the university and having attendance marked (or submitting assignment) on time.

Decoding: It is interpretation of message by the receiver. There may be gaps over here too due to multiple reasons.



YouTube

**Ad -
BMW - Land
Speed**

See if you can decode the message in comparison to the first car.

<https://www.youtube.com/watch?v=HHcPA0El5gg>

Photo by Daniele Buso on Unsplash



Consumer finds an ad more relatable if it is about his surroundings.

Feedback: It is the receiver's reaction and it completes the process.

For example, when Telenor was launched in Pakistan in 2005, their communication in both TVC as well as billboards used words as "hear less listen more" and "say less speak more" but the problem with these ads were that these were not of consumer level as a vast majority failed to understand the meaning of these words. Hear means to simply have heard the words, while listen means to be attentive while perceiving a message but this level of English is only in a fraction of population and hence message was not 'decoded' properly by the potential target market. Table 7.2 shows different examples of communication process.

Application - Communication Process

After listening to a recent sales presentation, Naveed signed up for membership at Gymkhana. Upon arriving at the facility, he learnt there was an additional fee for football ground. "I don't recall that from sales talk; I thought they said all facilities were included with the membership fee," he complained. Describe the problem in terms of the communication process. In which phase do you think issue could be?

	Sender	Encoding	Media	Receiver	Decoding	Feedback
Advertising	Hilal (Ding Dong)	Words (jingle), pictures, colour	TV ad	Kids in Lahore	Consumer getting positive feeling about its flavour	Consumer buying Ding Dong; sales increase
Personal Selling	Waves sales manager	Words, gestures, appearances	Sales visit	Purchasing agent at Gourmet	Purchasing agent's understanding of message	Buyer asks questions to clarify information
Sales Promotion	Aurora's coupon	Size and shape of coupon, words, offer of free card	Magazine	Reader of magazine	Consumer clips coupon from paper	Consumer uses coupon towards purchase; sales increase

➤ Table 7.2 Examples of Communication Process

Push and Pull Strategies

Marketers have choice of picking from one of two major promotional strategies. These are based on marketing or promotion objectives, types of markets or locations they intend to cover etc.

Push Strategy: As its name indicates push strategy focuses on the concept of pushing its products towards its consumer through the help of retailers. If a company decides to use push strategy, the manufacturer becomes dependent on the personal selling abilities of resellers. The promotional efforts are focused at pushing the product through the distribution channels; the resellers may be required to display, demonstrate and offer discounts, to sell the product.

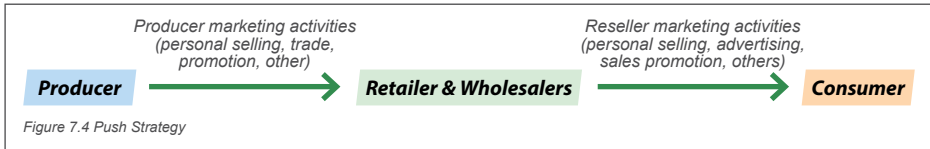


Push Strategy:

Directing promotional mix towards channel members to gain their cooperation in ordering and stocking the product.

The communication to resellers is generally through trade circulars or the sales force.

This strategy works in such a way that the producer promotes the products to the middlemen (wholesaler and/or retailer), while the wholesalers promotes it to the retailer and the retailer promotes the goods and services to the consumers as shown in Figure 7.4.



An example of this strategy is often found by biscuit companies, where they promote their products through retailers by providing them incentives to encourage retailers to sell higher in volume. Companies usually negotiate with retailers to stock their product in the shops. One of the main examples of this is of Coca-Cola and Pepsi as Coke rewards the retailer if they do not keep Pepsi in their shop but have only Coca-Cola or its products as Fanta and Sprite.

Push strategies are generally appropriate for:

1. Product categories where there is low brand loyalty.
2. Where many acceptable substitutes are available in the market.
3. When the brand choice is often made in response to displays in the stores.
4. The product purchase is unplanned or on impulse

For example: A promotion for retailer to buy Candyland's products worth Rs. 3,000/- and get any 30 chocolates worth Rs. 5/- each free. Through this offer the company is rewarding the retailer with enough incentive that the retailer would stock more and will be attempting to convince the consumers to buy it. As a consumer you may have noticed that sometimes a shopkeeper says, 'sir buy this product, it is doing really well nowadays'. Often the real reason behind this act is the push strategy, the extra money that he is getting.

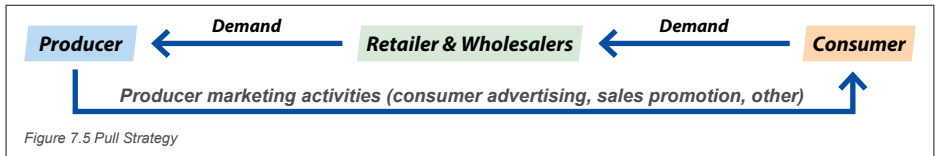


Pull Strategy:
Promotion effort directed primarily at end user so that they ask retailer for product.

Pull Strategy: A pull approach is a promotional attempt by the seller to raise the end user demand, as its name indicates the company promotes to customers and pulls them towards the product. In other words consumers are encouraged to demand the product from retailers who in turn place orders



with wholesaler or manufacturer to meet the consumer demand. Tools of pull strategy which are being used by companies to attract consumer attention are consumer contests, discounts, coupons, free samples, sales promotions and large advertising expenditures etc. This strategy may require little promotional efforts from the resellers except to stock the product on shelves. Pull strategy is demonstrated in Figure 7.5



Example, Hilal's advertising of Ding Dong Bubble Gum was essentially a pull strategy.

One of the best examples of pull strategy is by the Apple Company as they promote so heavily via TVCs and billboards several months before a new iPhone is launched as a result there is a huge line outside the Apple store just to buy the product, even if the new cellphone is barely different from the previous one.

A pull strategy is generally appropriate when:

1. The product demand is high.
2. It is possible to differentiate the product on the basis of real or emotional features.
3. Consumers show high degree of involvement in the product purchase.
4. There is reasonably high brand loyalty.
5. Consumers make brand choice decision before they go to the store.

Managing the Promotion Mix

Setting the Promotion Budget

A company has to decide on an approach that it'll take to set the promotion budget. There are different promotional budget decision factors which should be wisely considered, such as type of industry and product, stage in the product life cycle, price and funds available for promotion. Generally, there are three methods that are being followed by companies for deciding on their promotional budget. These methods are as follows:

Affordable method: A promotion mix budgeting strategy in which firms set their promotion budget based on what they believe they can afford. If the company doesn't consider their promotional strategy as an investment then there is a possibility that they would be opting for an affordable method. Generally, the affordable method is more likely to be observed in small businesses. Hence in this approach a company prioritizes other activities and then the remaining amount that a company can easily spare is utilized for promotional activities.

Percentage of sales method: A promotion mix budgeting strategy in which firms allocate a specific percentage of a certain period's total sales to the promotional budget for next period. The total advertising budget is compared with the total company's sales during a year or an average of many years to compute the percentage. Many companies make use of this method because it's straight forward and simple. For example, a company may decide on 5% of sales as the promotion budget, so if in 2020 they earned Rs.10 *lac* then they would decide Rs.50,000 for promotional activities of 2021.

It may also be on basis of forecasted sales but the problem is that this method assumes sales as a cause rather than an effect.

Objective and task method: A promotion mix budgeting strategy in which a firm defines:

- specific objectives
- determines the tasks that must be performed to achieve these objectives, and
- estimates the costs of performing these tasks

The sum of these costs is the proposed promotion budget. This approach is best with long-term objectives such as growing market-share or increasing brand awareness etc. It is safe to say that this method is more detailed and better than other approaches.

AIDA Model

First a company must set the communication objectives, to see whether the purpose is to make people aware of a new product or to gain certain sales or to clarify a misconception or to tell about new uses etc. Irrespective of how creative an advertisement is or how experienced the sales people are it is not appropriate to assume that a product would be known and would suddenly gain enough interest to warrant purchase. Exceptions may be there for very limited low-price items but in most cases a consumer usually passes through several stages such as awareness, interest/liking, desire/preference and finally the action/purchase. Some like to call it *AIDA model*. For a marketer going through these stages is like climbing uphill, while initial stages are relatively easy as bringing awareness about the product but then getting the sales becomes difficult as the slope becomes steeper.

Four elements of AIDA are elaborated here:



AIDA Model:

A combination of steps in various forms of promotion consisting of attracting attention, holding interest, arousing desire and generating buyer's action.



Awareness/attention: A good marketing effort may fail if it doesn't manage to grab attention of target market. It is usually accomplished by repetitive ads. Teaser ads are a good example of bringing awareness. For example, Nestle launched a teaser campaign that was a letter to 'Pyraray Pakistan'.

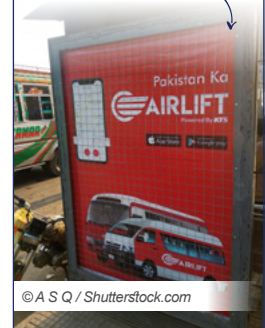
Interest: A customer's awareness of a product alone is not sufficient to make them buy it. Therefore, companies try to come up with ads that tell them about specific attributes to attempt to persuade the consumer to try the product. Telling the consumers about benefits of product and its position compared to alternate products is what is done in this stage.

Desire: In this stage purpose is to make consumers from 'I like it' to 'I want it'. Airlift is creating desire by touching patriotism, 'Pakistan ka Airlift' (Airlift of Pakistan).

Action: Companies try to pick up a certain number of customers to be purchasing the product such as 30% of the potential target market to actually buy the product and to encourage them to keep purchasing.



Airlift is creating desire by touching patriotism, 'Pakistan ka Airlift' (Airlift of Pakistan).



© A S Q / Shutterstock.com

Celebrities

Selecting the type of source is also critical for example, toothpaste manufacturers often opt for dentists. Celebrities may also be opted but can also be risky as in case of any controversial action by them, it can hurt the brand reputé as well. Nevertheless, it is quite common. Clear utilized the famous world's first billionaire footballer Cristiano Ronaldo known as CR7 for promotion. Lux often opts for celebrities as brand ambassador. Head & Shoulders with Shahid Afridi is an example of celebrity promotion.



Image by emillonav from Pixabay



Celebrities are often utilized by brands in their promotion campaigns. Famous football star Cristiano Ronaldo may be found on many advertisements of Nike, KFC and Clear etc.

Some athlete brands use sports celebrities, the idea behind it is that if you want to be like them then use our brand. Your university may have options to join a club, once you do so



Fictional characters such as Hulk are also used in various ads.

Image by Alexander Gounder from Pixabay



you become influenced by the members.

Sometimes even cartoon characters are used as celebrity, e.g. Fido Dido character utilized by 7up especially in its 1990s campaigns. Besides, at times cartoon characters are also used for moral lessons (social marketing). Other fictional characters are also found promoting brands as Hulk (Marvel's character) or Superman (of DC Comics)

or even video game characters. For example, a female lead character Lightning from Final Fantasy-13 by Square Enix has become first computer generated supermodel promoting brands like Louis Vuitton¹⁴.

Other Considerations Regarding Promotion



"Don't do marketing for the sake of marketing"

From page-223 Ch-8 Marketing by Hunt & Mello

A company must collect feedback about ads so they get an idea that which ads were liked by target market and why? It'll help them improve their marketing communication in the future. Analysing the trends and creating such themes that are compatible with various communication medium is also important. Stages of PLC also influence promotional objectives, as covered in chapter number 5. Atmosphere may also influence purchase, as sometimes even product packing or ambience of a shop also serves as a promotion tool. Companies also need to be careful about the approach of their message, whether it should be one sided, containing only the positives of the product as is the case mostly, or if they would make it two-sided and admit the shortcomings as well. A study found that 90% customers trust "recommendations from customers" while trust in ads is 10-40%, therefore brands must be careful and be concerned about WOM.

Excellent marketing can speed the demise of a poor product

A promotional message may have *rational appeal* (relates to audience's self-interest), or *emotional appeal* (can be funny or sad) or *moral appeal* (ethical standards). Ethical considerations or socially responsible marketing communication is also very important as it is nowadays



unfortunately common to see ad that would spread immorality and immodesty in the name of selling their product.

World's largest advertising spenders for year 2020 are given in Table 7.3. P&G and Samsung almost tied with 10.1 billion dollars in advertising budget. L'Oreal is next with 9.6 billion dollar budget.

World's Largest Advertisers - 2020

Rank	Company	HQ	\$ in billions
1	P&G (Procter & Gamble Co.)	US	10.1
2	Samsung Electronics Co.	S.Korea	10.1
3	L'Oreal	France	9.6
4	Unilever	Netherlands/UK	8.5
5	Amazon	US	8.2
6	Comcast Corp. (media company)	US	7.5
7	Nestle	Switzerland	7.3
8	Louis Vuitton	France	6.5
9	Alphabet (Google)	US	6.4
10	AT&T (telecom)	US	6.2
11	Anheuser-Busch InBev (brewer/drink co.)	Belgium	6.0
12	Volkswagen	Germany	5.7
13	Booking Holdings (online travel company)	US	5.0
14	Walt Disney Co.	US	4.7
15	Toyota Motor Co.	Japan	4.4
16	Coca-Cola Co.	US	4.1
17	General Motors Co.	US	4.0
18	Ford Motors Co.	US	4.0
19	McDonald's Corp.	US	3.8
20	American Express Co.	US	3.8

➤ **Table 7.3 World's Largest Advertisers Based on Their Worldwide Advertising Spending**

Source: Data from Ad Age Marketing Fact Pack 2020 available at: <http://adage.com/d/resources/resources/whitepaper/marketing-fact-pack-2020>



Chapter 7 **Epilogue**

KEY-TERMS



Promotion Mix: A subset of marketing mix and a combination of one or more promotion tools. (p-246)

Integrated Marketing Communication (IMC): A strategy in which each component of promotion mix is carefully coordinated to deliver a clear and consistent message. (p-247)

Advertising: Non-personal communication that is paid by a company for good, service or idea. (p-247)

Product Placement: A sales promotion tool that uses a brand name in a movie or TV show. (p-248)

Direct Marketing: Promotion approach that uses directly approaching the target customers such as via telephone, mail or door-to-door selling. (p-250)

Personal Selling: Selling that involves direct interaction between a salesperson and customer. (p-251)

Digital Marketing: Usage of internet for promotion through channels as websites, search engines, online videos, blogs, vlogs, social media, mobile ads and apps. (p-254)

Communication Process: The transmission of a promotional message from sender to receiver by encoding it by choosing the words, pictures and other symbols and then displaying it on a channel/media. (p-257)

Push Strategy: Directing promotional mix towards channel members to gain their cooperation in ordering and stocking the product. (p-259)

Pull Strategy: Promotion effort directed primarily at end user so that they ask retailer for product. (p-260)

AIDA Model: A combination of steps in various forms of promotion consisting of attracting attention, holding interest, arousing desire and generating buyer's action. (p-262)



Analysing Advertising

Marks: 10

Time: 60 minutes.

Q1. Answer following and submit explanation of any 10 ads

- What product or service is being advertised?
- What deep need or desire is the ad promising to fulfil? (e.g. happiness, wealth, beauty, friendship, joy?)
- Who is the intended target market? What might their response to the ad be?
- Who is excluded by the ad (which segment is missing)? (i.e., what classes, races, values, etc.)

Q2. Try to come up with 1-2 new print ad ideas preferably of 'idea marketing' i.e. to make the society better (to give back to society). E.g. safe driving, no-smoking, cleanliness, parents rights, education / ilm, green environment, special people, entrepreneurship, helping needy/poor minimalistic lifestyle, importance of people/family, reading books, healthy eating, physical fitness, etc.

History of Promotion

Marks: 10

Go through various sources on internet and share how advertising and promotion has evolved.

Promotional Blunders

Marks: 10

Find any three international brands who made a mistake in their promotional campaign that affected their net worth.

Promotion Tools

Marks: 10

From all of the promotion mix/tools covered in chapter share an example of each (preferably from local brands). In your opinion which type of promotion is ideal according to you? Justify your answer.



Watch Lecture Video in Urdu (اردو)

https://youtu.be/a8VM_Zlqj0I [23min.]

Chapter-8

Distribution

- 1 Marketing Channel
- 2 Distribution Levels and Intensity
- 3 Logistics and Supply Chain
- 4 Conflicts and Control
- 5 Retailing and Wholesaling

Learning Objectives

After reading this chapter you should be able to:

- Understand how channel members add value and provide utility
- Know choices of distribution level and their intensity
- Understand what is logistics and supply chain
- Be aware of various conflicts among channel members
- Comprehend differences among wholesale and retail

“

- Bill Gates (b. 1955)
Co-founder of Microsoft



"When I walk into a grocery store and look at all the products you can choose, I say, 'My God! No king ever had anything like I have in my grocery store today.'"

”

Opening Scenario:

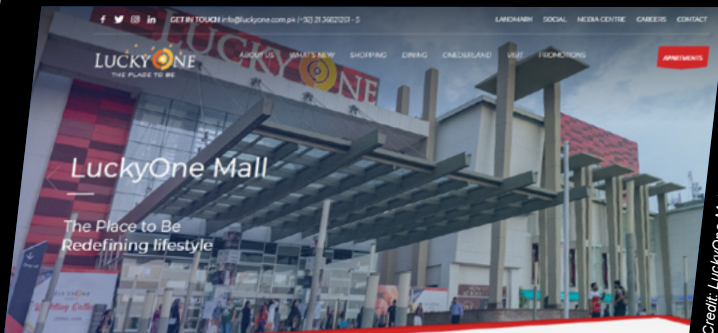
Retailing & Distribution Landscape in Pakistan

Retailing is an important and fast growing segment both at national or international level. Its size can be estimated from the fact that world's largest company by revenue is Wal-Mart, a superstore, a retailer. With 23 lac employees it has sales above 514 billion US\$ (for fiscal year 2019)¹ that is roughly 8 neel rupees (Rs. 8,00,00,00,00,000). There are only 27 countries in the world whose GDP is more than Walmart's sales².

Similarly, Amazon the e-commerce (online shopping) player was founded only in 1994 and is one of the fastest growing brands and world's largest internet company. With over 5.6 lac employees and \$177 billion revenue they now own a very diversified portfolio including gaming studios, labs, publishing, and even brands like Goodreads, IMDB and Twitch (gamers live streaming site). All of this in the duration of just 24 years.

Pakistan is also growing in retail quickly. April 2017 witnessed the foundation of Packages Mall in Lahore near DHA and immediately afterwards came Emporium Mall in Johar Town. Just a month later LuckyOne Mall was inaugurated in May 2017 in Karachi with a floor area of 1,743,000 square metres. Its parking has space for 1,550 cars³. The opening day is estimated to have attracted over 1 lac people.

Pakistan's retail market size is \$210 billion for 2018⁴ with an average



Credit: LuckyOne Mall website. Retrieved June 15, 2020. Reprinted with permission.

of 8%+ yearly growth⁵ that is why large number of multinationals are interested in Pakistan including Tesco the British retailer that also just entered Pakistan by joining hands with Alpha Supermarket⁶. Similarly, another foreign brand is Carrefour, although managed in Pakistan by UAE's group.

Retail Size of Pakistan (in billion US\$)

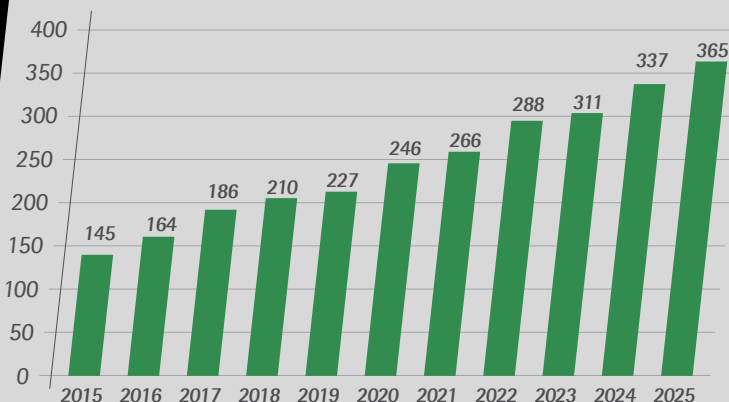


Figure 8.1 Graph: Retail size of Pakistan. Source: Based on data by Statista till 2018 and growth rate estimate of 8.2% from 2019-2025.

At the top however, is a local brand Imtiaz Super Market that has revenue estimated well above Rs.40 billion⁷. It is Karachi based retail chain with 8,300 employees and is doing well against multinationals like Metro Cash and Carry and Carrefour. There are a lot of unique factors to Imtiaz as they have own rice and flour mills, various in-house facilities and purchase in bulk thus having cost advantages. Moreover they pass on 30% of profits to customers in one form or another such as gifts and discounts⁸. Besides, they also offer delivery services as customers can order by phone, email or in-person and groceries are provided to their doorstep thus saving them time and hassle.

By 2006 there were just a few other departmental stores like Al-Fatah, HKB and Victoria and a small mall Pace, then entered Metro the German retailer and Makro in 2007 that later merged in 2012 as neither company was making money. Metro's Managing Director Marek Minkiewicz says that Metro is planning to launch a retail chain stores with 800-1000 branches country wide on franchise model and is also about to initiate e-commerce starting from Pakistan⁹. Currently it has 9 stores in Pakistan and plans to launch more. Metro is just behind Imtiaz with its revenue of Rs. 38 billion in 2016. Average basket size (shopping by each customer) is Rs.7,500 at Imtiaz and 5,500 at Metro.

OLX is a US based global online marketplace in 45 countries. It has been spending on advertising and promotions heavily to gain strong grounds in Pakistan but has only started making some profit since May 2017. It attracts 6 lac daily users out of which 20,000 are new. Its android app has been downloaded over 5 million times. Besides, several local companies are also into e-commerce as Homeshopping, Yayvo, Symbios and Shophive and two category specific giants Pakwheels.com (that focuses on vehicles only) and Zameen.com (for property). Daraz was launched in 2012 by a German company but purchased by Alibaba group.

TCS was launched in 1983 by Sadiq and Khalid by joint venturing with DHL. In 1985 it won contract of Pakistan Banking Council that provided it a boost. Now it is the largest courier network in Pakistan¹⁰ offering not just domestic and international courier services but also has logistics, gift delivery and now Yayvo, its online shopping site.



Photo by Bryan Angelo on Unsplash

Sources:

<https://profit.pakistantoday.com.pk/2018/04/02/is-olx-feeling-hot-under-the-collar/>
<https://profit.pakistantoday.com.pk/2017/01/10/hooooold-hooooold-now/>
<https://aurora.dawn.com/news/1142028>
<https://tribune.com.pk/story/1426359/pakistani-brands-found-success-global-competitors>

Marketing Channel

A company starts from realizing about consumer need and designing a product, then pricing and promoting it, this leaves one last step of this marketing jigsaw puzzle, bringing the product to customers. Distribution, that is one of the 4Ps of marketing, usually called 'place' or 'placement' and a critical step in bringing goods from the factories to the place where people can conveniently purchase, even to their homes.

Time is a variable about which people are becoming more and more concerned about spending, as a result people want to buy at outlets that provide one-stop shopping and prefer online purchasing to save even more of their time. This demand is fuelling retail and as a result from 2017 to 2018 retail industry saw 35% growth in a single year according to BrandZ report, making it the fastest growing industry of the world¹¹.



Channel (of distribution): A network that performs activities required to bring the product closer to final buyer.

Marketing (or distribution) Channel: A set of interdependent organizations that helps make a product or service physically available for use or consumption by the consumer or business user. A channel can be sales people or another organization. Channel decisions are for long-term especially for all tangible products, it is just not possible to build one overnight. Pepsi launched Aquafina a mineral water in Pakistan because its distribution system for soft drinks was already in place.



Pepsi launched Aquafina mineral water in Pakistan because its distribution system for soft drinks was already in place.



© Jonathan Weiss / Shutterstock.com

Utility is How Channel Members Add Value

As was mentioned in the previous chapter on pricing that a certain amount is added to a product's cost when it passes through the channel. Actual production cost is a lot lower. This extra percentage (30-40% in many cases) that goes to various marketing channel members must have some reason otherwise why would any manufacturer want its products to be charged so much higher when these could be made available at a much lower price. Actually these channel members provide utilities, reduce number of contacts and perform several functions.

Like many business fields marketing was also derived from economics and then later on also had concepts borrowed from other fields as psychology to understand consumer behaviour. Concept of **utility** 'want-satisfying power of a good or service' was also introduced by economists. There are many gaps that exist between consumers and the products that they would like to have but such products are yet to be introduced into the market. Marketing especially the distributors plays a role of bridging these gaps by giving utilities. There are four types of utilities:

- a) *Form utility*: Converting a product from raw form often by adding more components into finished form. For example, wheat is converted to bread, fabric to garment/cloth etc. A mobile phone or LED is made with a combination of plastic, glass, metal, circuit boards and other components. This type of form utility is provided due to production but sometimes a different form of product may also be required. For example, various brands now offer small sachets of shampoos instead of plastic bottles. Imtiaz Super Market converts wheat into flour and hence provides it to customers in the 'form' that they want.



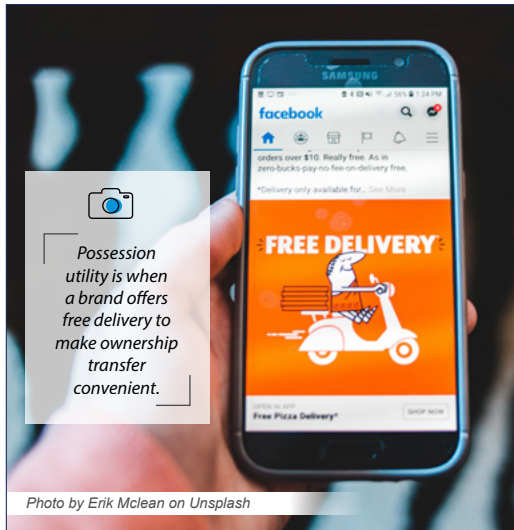
- b) *Place utility*: Providing products and services at convenient locations to consumers where these can be accessed with ease. For example, in order to buy a candy you do not need to go to the factory as it is made available from where it can be purchased easily i.e. retailers/shops. The installation of ATM machines with banks and in supermarkets is for the same reason. This is to facilitate consumers, so that they do not have to go through the hassle of getting cash from bank.



- c) **Time utility:** With some products, 'timely availability' is extremely important. If the 'time' constraint is not taken into consideration, the value of product/service falls apart. For example, if a newspaper is not delivered early in the morning, the purpose for which it was produced is not served. In evening same newspaper becomes *raddi* (wastepaper) and is sold on per kg basis. Availability of specific items at specific times such as weather updates, jackets in winter, overnight delivery of products via courier etc. are other examples which speak of 'time utility'. It is very critical for a retailer to be never out of stock so that time utility is there. How do you feel when you ask for a product and a shopkeeper says that it will be available tomorrow?



- d) **Possession utility:** Transfer of ownership by making the transfer convenient e.g., by allowing easy payment terms as via debit card etc. or through leasing or by offering discounts. Also by offering free delivery possession utility is created e.g. if one restaurant would deliver at home then customers are likely to buy from him rather than another that doesn't. TCS initially got into retailing by expecting customers to deposit in advance but then added COD (Cash On Delivery) for its e-commerce site Yayvo.



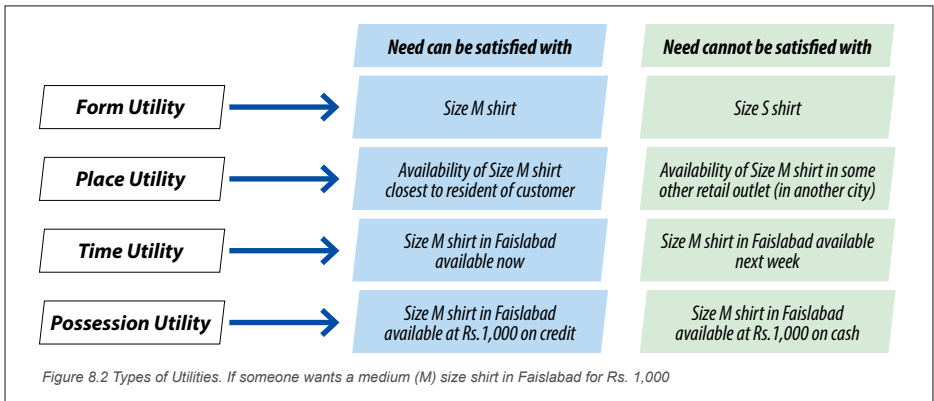
All companies have to create utilities so that there is value for customers.

Discussion - Utility

Try to come up with a list of items that you recently purchased. Try to figure which of the four utilities had maximum influence on your purchase. Do you think that if your parents would've bought the same item they would also have been influenced by the same utility?

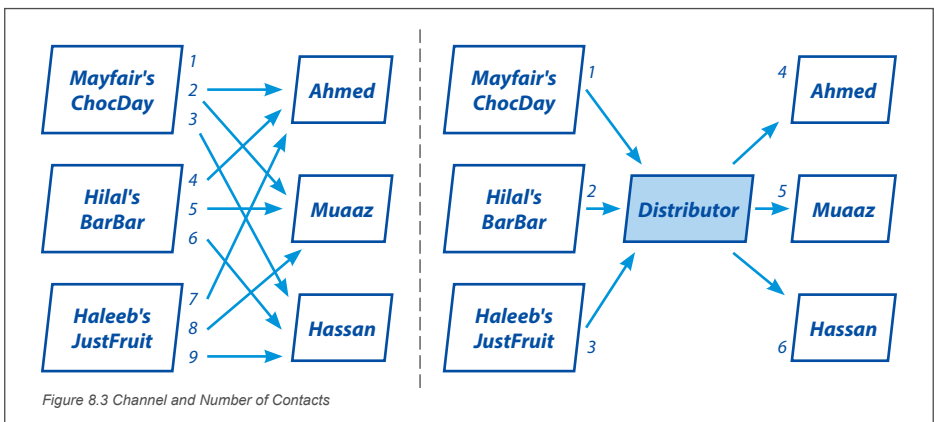


These four utilities are summarised in Figure 8.2.



Channels Reduce Number of Contacts

Channels offer efficiency because of their contacts, experience, specialization and scale of operations. It results in lesser number of contacts. Imagine if as a consumer who wants to buy a chocolate, a soap and oil if he/she had to visit each company's factory, how much time and effort would it take? Instead all these items can be found at local grocery store that is just at walking distance from home. Contacts reduction is demonstrated in Figure 8.3. This is a simplified version, at larger scale lots of contacts are minimised.



Functions Performed by Channels

Normally at least some of the following tasks are being performed by wholesaler and/



or retailer.

- Transactional functions
 - Contacting (customers) & promoting
 - Negotiating
 - Risk taking (assuming the risk of owning inventory)
- Logistical functions
 - Physical distribution
 - Storing goods
- Facilitating functions
 - Financing (extending credit)
 - Information (about consumers or other channels)

Distribution Levels and Intensity

Number of Channel Levels

In order to provide a product or service to the customer, a company may do it itself or through one channel such as retailer or even more channels. It also depends on the type of product category.

Direct: In some cases a product reaches the customers directly from the manufacturer as is the case with fresh milk provided by *gawala* (milk man), a catering service provider and nowadays even ice-cream companies are doing it.



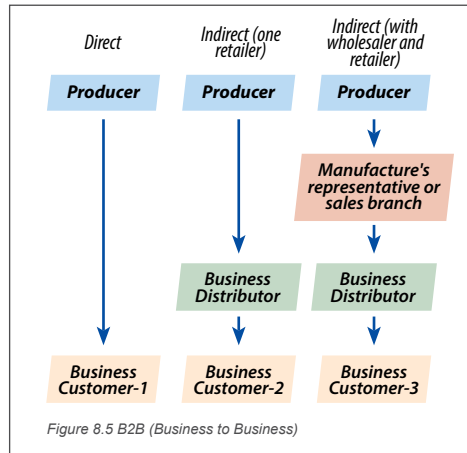
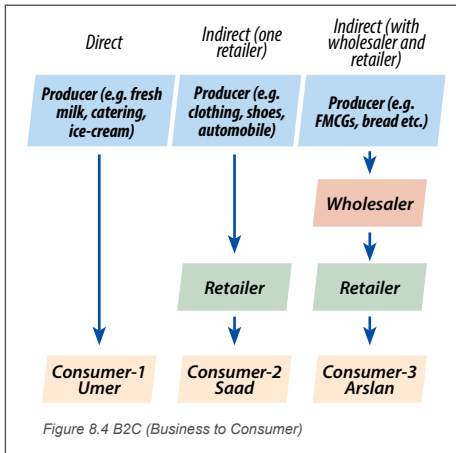
One Retailer: A second approach is having one retailer that then deals with customers. Such practice is usually found in clothing & shoes as well as in automobiles.

Through Wholesaler and Retailer: In majority of cases two layers are present before a product reaches the customers. This is in several businesses like FMCGs, books, food



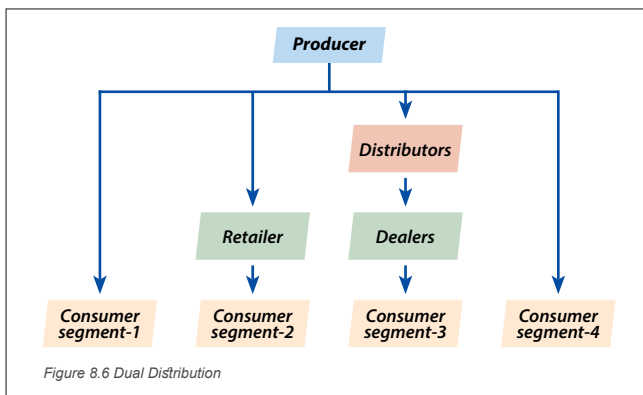
items etc. For small shops that cannot buy in bulk it is feasible to buy from wholesaler. Wholesalers have purchased in much larger quantities from manufacturers then they sell in relatively smaller quantities to retailers.

All three types are shown in Figure 8.4 for Business to Consumer and 8.5 for Business to Business.



Dual Distribution: A single firm sets up two or more distribution systems to reach one or more customer segments. It is also a company's choice how many channel levels they intend to use as shown in Figure 8.6. For example, O'more ice-cream is sold directly to customer via cycle and is also made available at a retailer from whom customer buys. Dell is now using both (sales and retailers).

Dual Distribution:
Use of more than one channel to reach the end user.





Disintermediation:

The cutting out of channels by producers, or the displacement of traditional resellers by radical new types of distribution systems.

Disintermediation: The cutting out of channels by producers, or the displacement of traditional resellers by radical new types of distribution systems. E.g. Flynas sells directly to customers and don't even have any printed ticket rather digital only. This results in lesser cost for the company resulting in relatively cheaper rates for customers too.

Amazon and eBay are although absent in Pakistan but are prime examples of new technologies that are replacing traditional distribution systems. In Pakistan brands like Homeshopping, Daraz, Shophive and many more are providing similar opportunities.

SehatYab is first to provide online medical consultancy in Pakistan. Doctors are available online on it. It has reduced the need to have channel of hospitals/clinics.

Avon the famous cosmetics brand throughout its long history had focused on direct selling with over 6.2 million sales representatives¹². However, it had to open shops in China because door-to-door selling was banned.

Distribution Intensity



Distribution

Intensity: Company's choice to choose fewer or more outlets based on the type of product.

Distribution intensity refers to concentration of outlets in an area. For example, in a large city like Karachi that has over 1.5 crore population, a manufacturer has to decide how many outlets he would like to have. Similarly, at country or even global level too this question remains for producers. It is largely dependent on the type of product. There are three possibilities in it, intensive, selective or exclusive.



Intensive

Distribution: Distribution of a product through maximum outlets (almost all available).

a) **Intensive distribution:** *Intensive distribution* is a type of distribution in which a company tries to provide its product extensively at each and every place where a consumer might find and purchase it. It is mostly done for convenience goods as heavy distribution increases purchase possibility. Moreover, for such low priced and daily use products very few customers would be willing to travel far. Think for a moment that for a small toffee, who would travel several kilometres to get one? Examples include most FMCGs.



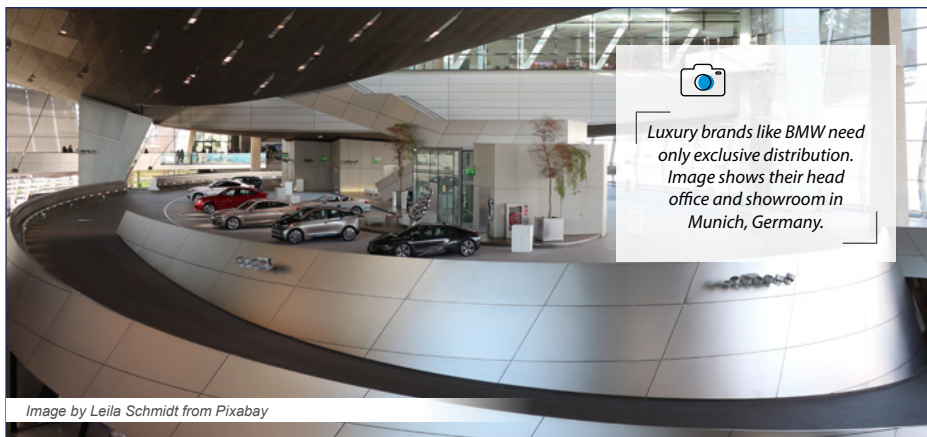
Exclusive

Distribution: Using only one or very few outlets in a geographic region to distribute products.

b) **Selective distribution:** Distribution intensity comprising of moderate number of retail outlets. Multiple retailers are chosen but a lot lesser than the efforts made in case of intensive distribution. It is often used for shopping goods such as clothing, appliances and furniture.

c) **Exclusive distribution:** *Exclusive distribution* is type of

distribution intensity when only one or limited numbers of retailers are selected. It can be opted when a retailer can keep a large inventory and also customers are willing to go through the hassle of travelling to that shop. It is often practiced in speciality goods as luxury stuff. For example, how many showrooms of BMW are there in your city?



Application of Concepts

Distribution intensity

1. Noman is marketing manager of a firm. Why would he decide to intensively distribute a product? Give examples of products that are intensively distributed.
2. Give an example of a product that is exclusively distributed in your city. Why would you decide to purchase such a product when obtaining it requires extra effort?
3. Decide which distribution intensity level - intensive, selective or exclusive is used for the following products and why?
a) Land Rover SUV **b)** Now (chocolate) **c)** Remote control helicopter (priced around Rs.7,000)

Transportation Modes

Selection of mode of transportation is crucial decision as it influences the cash spending as well as speed of delivery. This decision is also dependent on product category as fresh fruit is delivered by air but oil through pipelines. Usually six methods of transportation are available: Trucks, railroads, ships, air, pipes (for oil and gas) and internet (for digital products).


Intermodal transportation: It may not be possible to have the product distributed using only one transport, so often two or more methods are combined. For example, a product being brought from US or Australia can be shipped till Karachi port but then it

may require a truck or train to be sent to destination.
A comparison of transportation methods is done in Table 8.1.

	Rail	Water	Road	Pipeline	Air	Digital
Speed	Avg.	Slowest	Fast	Slow	Fastest	Fastest
Cost	Avg.	Lowest	High	Low	Highest	Varies on product basis
Reliability in meeting deadline	Avg.	Poor	Good	Excellent	Excellent	Excellent
Variety of products carrying	Very high	Very high	Avg.	Only oil and gas or similar	Limited	Only digital
No. of geographic locations served	High	Limited	Very high	Very limited	Avg. to High	Entire globe (with internet)

➤ Table 8.1 Comparison of Transportation Methods¹³

Logistics and Supply Chain

 **Logistics (or Physical Distribution):** Planning, implementing and controlling flow of goods/services from points of origin to consumption.

 **Supply Chain Management (SCM):** Actions a firm takes to coordinate all three flows (of material, info and finances).

Logistics (or physical distribution): Logistics is planning, implementing and controlling the flow of goods/services from points of origin to consumption. Besides, there are other tasks required in the distribution system such as financial flow as well as flow of information. **Supply Chain Management (SCM)** is the action a firm takes to coordinate all three flows (of material, info and finances).

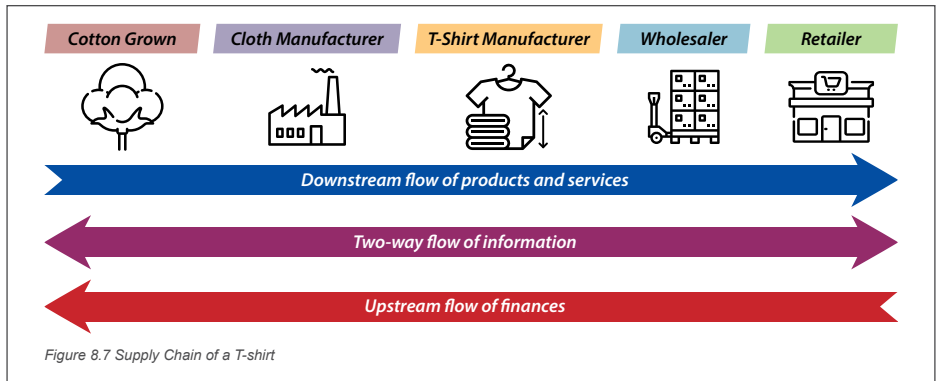
You may have often seen large trucks carrying containers. Ever wondered where they may be headed or what those might be carrying? Chances are that these trucks are holding parts coming from far-off continents and would travel further hundreds of kilometres to a factory. These trucks are part of supply chain that exists to serve the customers eventually. Even an employee is often taking some part of supply chain. A supply chain is a system of companies, people, activities, information and resources involved in moving a product/service from supplier to customer.

In the supply chain even each department or company is a customer to the previous one until the product reaches the end user. None of the companies live in an island, each needs others. Some require raw material, many companies outsource some functions and then final product has to be supplied somewhere. So, supply chain is needed.



Decision made in one domain affects all other domains. For example, if a sales person gives an extra discount then the company may not be able to make profit out of this little amount. Collaboration between all relevant parties is very important which brings in the need for SCM that manages upstream and downstream value-added flows of materials, info and finances among suppliers, company, resellers and final consumers as shown in Figure 8.7.

Main purpose of supply chain is to integrate all relevant companies to have smooth operations and cost reductions.



Many organizations try to link up with their own suppliers and even distributors to create a better value delivery network (or supply chain).

Third-Party Logistics (3PLs): Sometimes companies also outsource or hires other companies to assist with logistics support. Companies that work as an independent logistics provider that performs any or all of the functions required to get the clients product to market are called 3PL Providers or Third-Party Logistics Provider. E.g. Phoenix Group of Companies (established in 1983 in Karachi; renamed in 2001) provides security services to a large number of Pakistani companies and banks as a third party logistics provider.



© A S Q / Shutterstock.com

Third Party Logistics: The use of a separate distribution company for logistics support.



Phoenix Group of Companies provides 3rd Party Logistics services to a number of companies and banks.

Major Logistics Functions

There are several logistics tasks such as:

Warehousing: It means storing of goods and often large quantities are also converted to smaller ones. Purpose of a warehouse is to hold the products from the manufacturing date till shipment. A company may choose to have one large warehouse or have multiple, each approach will have its own benefits. It is often convenient to control one single warehouse, but it may not be cost efficient if some customers/retailers are far away from it. In such situation having one warehouse closer to those local markets is more beneficial.

Logistics information management is also a huge task. Traditionally all information used to be recorded in paper and through pen but now software have been developed and as a result time is saved and labour hours are better utilized elsewhere. So, large highly automated warehouses are now designed to receive goods from various plants, take orders, fill them efficiently and then deliver goods to customers quickly. Even data is exchanged between organizations easily, for example, when the stock is about to end at a retailer, the system will automatically send requirements to the supplier. Various companies such as Amazon have started using robots in warehouses that saves its time.

"If you're not doing internet business, then you're in the Dark Ages, and you're going to be left behind."

- John Chambers

CEO, Cisco Systems (b. 1949)



Inside Amazon Warehouse

<https://www.youtube.com/watch?v=qRQwkJLRfWw>

Image by TigerPak from Pixabay



JIT (Just-In-Time):

A system of holding little inventory and requiring suppliers to provide exact quantity needed according to a precise schedule.

JIT (Just-In-Time). It is a strategy that minimizes inventory and increases efficiency. There is a certain cost of storing and holding a product, so if a company makes too many products earlier on then it won't be financially viable. On the other hand if it makes too few products then it may not be able to meet the customer orders on time. Making and storing extra products comes with two costs: one is that storage space is being occupied and secondly, the products would deteriorate over time or lose the grace of being new. So, to counter this some companies practice JIT (Just-In-Time) system, in which



lots of planning is done to reduce flow times from one department to next so things are ready from raw-material to manufacturing and delivering to retailer and finally end-user in minimum possible time.

Conflicts and Control

Channel Conflict

At times disagreements occur among distribution channels, called '*channel conflict*'. Companies usually achieve best results when all links in supply chain are working in synergy, however, conflicts arise among channel members on various goals, responsibilities and roles. Broadly there are two types of conflicts, horizontal and vertical.

- i) *Horizontal conflict*: It exists among channels of same level as of one retailer with another retailer. One mobile phone retailer sells a phone at discounted price because of which other retailer may be pressurized to reduce price as well. That is why in many cases a fixed sales price is set. Usually the reason behind this conflict is that each retailer wants to gain maximum profit by being the one selling the product. They often perceive other retailers as competitors.
- ii) *Vertical conflict*: It is among channels of different level as of a wholesaler with retailer or between manufacturer and wholesaler. Often the cause of conflict is disagreement about the responsibilities of each channel member. A manufacturer may claim or assume that a wholesaler is not storing enough inventories or not exerting enough efforts to promote and so on.



Channel Conflict:

A disagreement either among distribution channels of same level or different levels.



Horizontal

Conflict: A type of channel conflict occurring among middlemen at same level of distribution.

Discussion - Channel Decisions

Suppose that Tauqeer president of a carpet manufacturing firm has asked you (his marketing manager) to look into possibility of bypassing the firm's wholesalers (who sell to carpet, department and furniture stores) and selling directly to these stores. What caution would you voice on this matter before making this decision?

- Which type of conflict may arise?

Integrative Growth

A growth strategy in which a company increases profits through backward, forward or horizontal integration within its industry. Each of these approaches may be beneficial and has its own set of responsibilities as well.

- a) *Forward integration* means buying or opening own retail



Forward

Integration: An expansion approach in which a marketing channel owns one or more of its buyers/retailers.



Backward

Integration: A channel member purchases one or more of its suppliers.



Channel Control:

An approach to organize distribution channel members.



Vertical Marketing

System (VMS): A distribution channel that is centrally managed and designed to achieve efficiency with a maximum marketing impact.



Contractual

VMS: A vertical marketing system in which independent firms at different levels of production and distribution join together through contracts.



Franchising: A form of licensing in which manufacturer grants rights to a wholesaler/retailer to use company's brand name and perform according to their marketing plan.

outlets. Gourmet Bakers has its own distribution for all of the products that it manufactures.

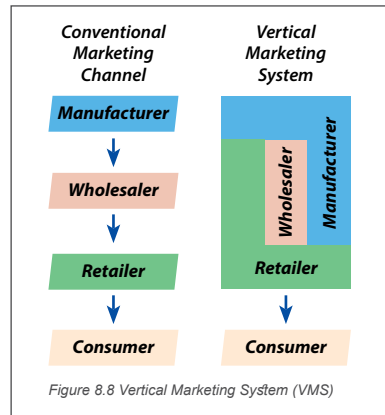
- b) *Horizontal integration* means linking up with other companies at same level as Metro and Makro had to merge.
- c) *Backward integration* means acquiring company's suppliers (those that provide raw material). For example, an apparel brand that purchases weaving or knitting unit is backward integration.

Channel Control

Traditionally the distribution channel used to be independent of each other and producers, wholesalers and retailers, each individually sought to maximize its own profits. So, if producer had sold to wholesaler, then producer's responsibility and risk was considered over. Then once retailer had purchased from wholesaler, it would then be the retailer's duty to sell., it was called conventional or traditional marketing channel. Now, more recently, it has been realized that when companies cooperate then it benefits the whole supply chain.

Vertical Marketing System (VMS): A distribution channel structure in which producers, wholesalers and retailers act as a unified system as shown in Figure 8.8. One owns others or has so much power that it manages to control all channel layers. This can be done in one of three ways:

- i) **Corporate VMS:** It is a VMS that combines successive stages of production and distribution



under common ownership. Gourmet owns the factory where bakery products are manufactured, it owns the distribution that supplies and it owns the retail outlets.

- ii) **Contractual VMS:** The type of VMS in which independent firms at different levels of production and distribution join through contracts to obtain more economies or sales such as via *franchise*. Franchising is a form of licensing in which manufacturer grants rights to



a wholesaler/retailer to use company's brand name and perform according to their marketing plan. Franchising is quite common in food chains as well as in mobile phone service providers and in some clothing brands too.

- iii) *Administered VMS*: A VMS that coordinates through the size and power of one of the parties. Sometimes one company is so strong that it can exert pressure on other channel members. For example, companies like P&G and Unilever have lots of products and brands, so they may start offering a retailer lesser margin, in turn a small retailer won't have an alternate option and would be bound to follow the requirements to earn sales. On the other end some retailers have such high sales that they may exert pressure on producers to provide products at lower rate. Such as, Walmart, Metro, Carrefour etc.


 *Administered VMS*: A vertical marketing system that coordinates successive stages of production and distribution through the size and power of one of the parties.

Characteristics of these marketing systems are elaborated in Table 8.2.

Characteristics	Type of Channel			
	Traditional	Vertical Marketing Systems		
		Administered	Contractual	Corporate
Amount of cooperation	Little or none	Little or good	Good	Complete
Control maintained by	None	Economic power and leadership	Contracts	Ownership by one company
Examples	Typical channel of "independents"	Engro Foods, Metro	Cellular Service Providers, Fast-foods	Gourmet

➤ Table 8.2 Characteristics of Traditional and Vertical Marketing Systems

Horizontal Marketing System: In which two or more companies at one level join together to follow a new marketing opportunity. For example, McDonald's and Sinopec (China's gasoline retailer) joined hands to serve the customers. McDonald's would open an outlet in one of the petrol pumps. The advantage is that customers who would stop for filling up petrol in their cars may also get an opportunity to fulfil their need of hunger via McDonald and those who may stop to eat may also utilize this break to fill up their car's gas tanks.

 *Horizontal Marketing System*: A channel system in which two or more companies of same level join to avail a marketing opportunity.



Retailing and Wholesaling



Intermediaries:

Resellers that buy a product to sell at a profit.



Retailer: A firm that sells primarily to ultimate consumer.

Channels are run by the help of retailers and wholesalers who are also called *intermediaries*, that are resellers that buy a product to sell at a profit. Most people think of a physical store when they hear the word 'retail', although nowadays many companies have only digital existence. As a matter of fact some companies barely need any physical store.

Retailer: A business or person involved in selling goods or services directly to final consumers for their personal, non-business use. Hence a business whose sales come *primarily* from retailing is called as retailer.

Discussion - Types of Channels

Describe the most likely marketing channel structure (conventional, corporate VMS, contractual VMS, administered VMS) and that would most likely be used to bring following items to its target market

- Cycle
- Automobile (new)
- Toothpaste
- Mobile service provider
- Candy bar

Construct alternate channels for these same products

Customer's often make decisions about brand selection at point of purchase, so a retailer is important in this regard as it is directly connected with consumers as opposed to a manufacturer. Pleasant shop outlook and environment also becomes important at point of retail in comparison to other channels.

Types of Retailers

There are many ways how a retailer type can be defined, such as amount of service which may be a *self-service*, *limited-service* or *full-service*. Another way to define type of retailers is whether a company has franchises or chain stores. Franchises are allowed on basis of certain conditions by the manufacturer but in chain stores a company owns all the outlets like Chen-One. Factory outlets also bring reduction in pricing as products here have not been shipped and retailer margins are not added.

Most of the times however, the type of retail is based on the types of product lines that it has and the relevant size of outlet.

- **Speciality store** (or limited line store): Carries narrow product line with deep assortment within that line e.g. shoe stores, boutiques



Boutiques are an example of a speciality store with limited product lines but wide variety.



Photo by Artem Bellaikin on Unsplash

- **Convenience store:** (*kiryana/parchoon* in Pakistan) *Convenience store* is a small store located near a residential area that is open long hours seven days a week and carries limited lines of high turnover convenience goods such as hygienic items, food and beverages. These usually serve only 2 kilometres of neighbourhood from the store. Since these stores offer more time and place utility to customers, so they often also charge standard rates and rarely offer discounts.
- **Department store:** Carries wide variety of product lines and are spread over a very large area such as HKB, Al-Fatah, Victoria.
- **Supermarket:** It carries very wide product mix and shifts some of its tasks to customers as this self-service reduces its work load. E.g. Carrefour, Metro. Imtiaz Super Market.
- **Super centres:** These are huge warehouse sized that include almost everything a consumer might need including tires and gasoline, from TV to medicines. For example, Walmart. Pakistan lacks any clear example of it yet.
- **Service retailer:** A retailer whose product line is actually a service and not a tangible product. For example, Hotels, airlines, colleges, dentists, hospitals etc.



Convenience Store:

A small store, located near a residential area, that is open long hours seven days a week and carries a limited line of high-turnover convenience goods.



Retailer Marketing Decisions

A retailer also has to look after 4Ps, such as product assortments (the categories that it plans to keep) and service decisions (whether self-service or full service, delivering at customer doorstep or not). Sales per square foot and number of visitors per day are usually helpful in knowing the efficiency of a retailer.

A retailer need to make price decisions as high markup on low volume or vice versa. Promotion decisions required may be having ads on websites or discount offers via brochures. For example, Metro occasionally lists discounts online.

Finally, a retailer also needs distribution (placement) decisions such as whether to own a separate outlet or get a shop in a shopping centre. A **shopping centre** is a group of



"If I had my life to live over again, I would be a trader of goods rather than a student of science. I think barter is a noble thing."

- Albert Einstein

German Physicist (1879–1955)

Discussion - Internet Retailing

Discuss a few changes in the marketing environment that you think help to explain why internet retailing has been growing so rapidly.

"Reading can seriously damage your ignorance."

- Marilyn vos Savant



Readings is an example of a retail community. One of the rare book shops in Pakistan where you can go and read as many books as you want and stay for as long as you would like to without purchasing any book.

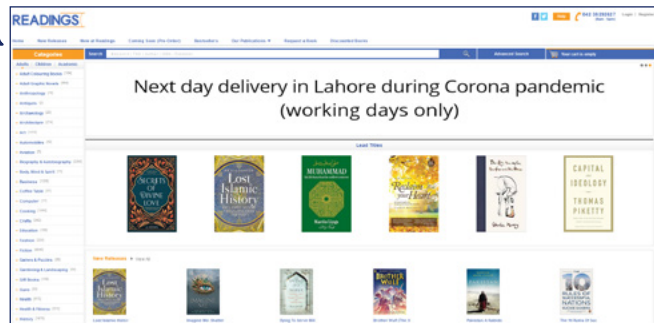
retail businesses planned, developed, owned and managed as a unit.

Other Considerations

Online retailing is growing rapidly that makes it almost mandatory for every company to have some online presence. Trend of larger retailers and shopping malls is also increasing and some of world's largest retailers are now going global and are operating in many countries.

A retailer also needs to make arrangements to avoid shrinkage that is in case merchandize is lost, damaged or stolen. Otherwise it would obviously result in lower productivity of a store.

Some retail stores serve as "communities". Readings, a book store in Lahore allows consumers to read for as long as they would like to and even has a coffee cafe giving their store a feeling of community. It takes books from various local and international publishers and provides to consumers.



Credits: Readings Reprinted with permission.



Wholesaler: A person or company that mainly sells to other businesses (or resellers of products).

Wholesaling

Wholesaler: A firm primarily involved in selling goods and services to retailers (those buying for resale or business use). For example, Shah Alam Market (aka *Shaalmi*) is such a large wholesale market in Lahore that shopkeepers from several other cities come here for purchases.

Wholesaler performs one or more of following: Selling and promoting, bulk breaking (breaking large lots into small), warehousing, transportation (customer is closer to wholesaler), financing, risk bearing, market information, management services and advice.



Types of Wholesaler

There are mainly following types of wholesalers:

- **Merchant wholesaler:** An independently owned business that takes title to the merchandise it handles.
- **Agents:** A merchant purchases the good from manufacturer but an agent does not. An agent's key function is to help bring buyers and sellers together and assist in negotiation. Some agents prefer to represent buyer or seller on a relatively permanent basis.
- **Manufacturers' sales branches:** These are simply the sales outlets that are owned by the manufacturer himself. Here, all functions relevant to distribution are to be performed by the manufacturer that is why many companies avoid it as it increases the responsibilities.

Discussion - Role of Middlemen

It is said that "you can eliminate the middlemen, but you cannot eliminate essential distribution activities that they perform." Explain why?



Chapter 8 **Epilogue**

KEY-TERMS



Channel (of distribution): A network that performs activities required to bring the product closer to final buyer. (p-272)

Dual Distribution: Use of more than one channel to reach the end user. (p-277)

Disintermediation: The cutting out of channels by producers, or the displacement of traditional resellers by radical new types of distribution systems. (p-278)

Distribution Intensity: Company's choice to choose fewer or more outlets based on the type of product. (p-278)

Intensive Distribution: Distribution of a product through maximum outlets (almost all available). (p-278)

Exclusive Distribution: Using only one or very few outlets in a geographic region to distribute products. (p-278)

Logistics (or Physical Distribution): Planning, implementing and controlling flow of goods/services from points of origin to consumption. (p-280)

Supply Chain Management (SCM): Actions a firm takes to coordinate all three flows (of material, info and finances). (p-280)

Third Party Logistics: The use of a separate distribution company for logistics support. (p-281)

JIT (Just-In-Time): A system of holding little inventory and requiring suppliers to provide exact quantity needed according to a precise schedule. (p-282)

Channel Conflict: A disagreement either among distribution channels of same level or different levels. (p-283)

Horizontal Conflict: A type of channel conflict occurring among middlemen at same level of distribution. (p-283)

Forward Integration: An expansion approach in which a marketing channel owns one or more of its buyers/retailers. (p-283)

Backward Integration: A channel member

purchases one or more of its suppliers. (p-284)

Channel Control: An approach to organize distribution channel members. (p-284)

Vertical Marketing System (VMS): A distribution channel that is centrally managed and designed to achieve efficiency with a maximum marketing impact. (p-284)

Contractual VMS: A vertical marketing system in which independent firms at different levels of production and distribution join together through contracts. (p-284)

Franchising: A form of licensing in which manufacturer grants rights to a wholesaler/retailer to use company's brand name and perform according to their marketing plan. (p-284)

Administered VMS: A vertical marketing system that coordinates successive stages of production and distribution through the size and power of one of the parties. (p-285)

Horizontal Marketing System: A channel system in which two or more companies of same level join to avail a marketing opportunity. (p-285)

Intermediaries: Resellers that buy a product to sell at a profit. (p-286)

Retailer: A firm that sells primarily to ultimate consumer. (p-286)

Convenience Store: A small store, located near a residential area, that is open long hours seven days a week and carries a limited line of high-turnover convenience goods. (p-287)

Wholesaler: A person or company that mainly sells to other businesses (or resellers of products). (p-288)



Profit Distribution Among Marketing Channels

Marks: 10

Time: 60 minutes.

- Q1.** As a manufacturer think of a tangible product, estimate how much it would cost you, then how much wholesaler would take, how much margin a retailer would take and what would it cost a consumer?
- Q2.** Now, think of a digital product and see how you can supply it to consumers. What would be the final price for consumer in this case?
- Q3.** Differences among both product types especially in cost to manufacture vs. final price. Elaborate the different break-up of profit of entire distribution channel in detail.

Retail Community

Marks: 10

Approx. time required: 3-4 hours

Visit Ferozsons or Readings or any other famous bookstore in your city and spend an hour or two over there. Go through as many books as you can, at least five to ten of different types.

- Q1.** Share with friends, post your learning experience on social media etc..
- Q2.** Share your experience about visiting it as a 'retail community' and the knowledge you gained from various books, [250+ words]
- Q3.** Out of all the books that you went through mention names of five books with author names and give a brief of what you learnt from each. [250+ words]
- (Optional)** Purchase any one book (preferably on self-development, improvement or relevant to your field of study).

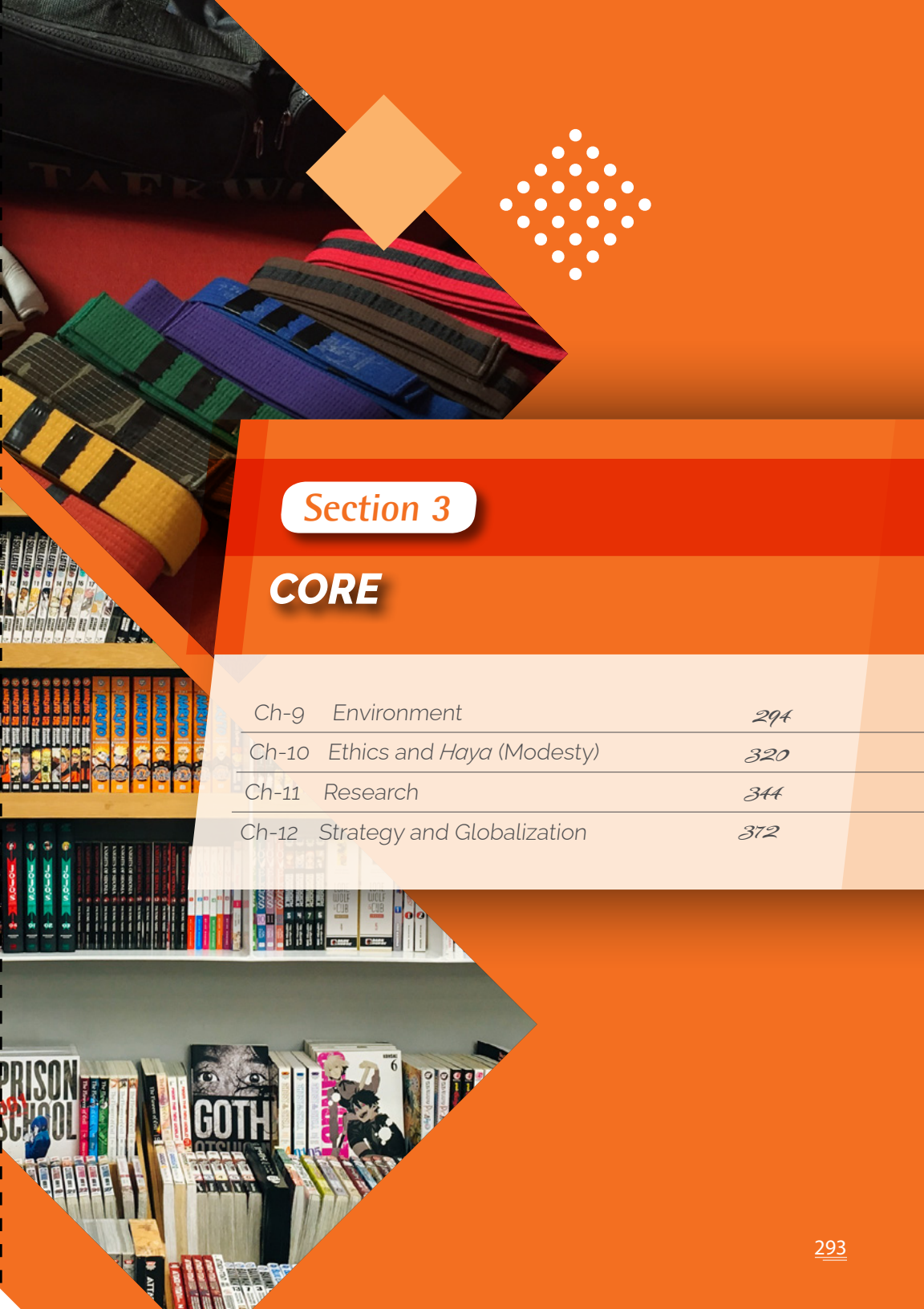
Wholesaler Vs. Retailer

Marks: 10

Approx. time required: 3-4 hours

Think of any three products (male can choose sports goods; females can opt for crockery). Visit any wholesaler such as Shah Alam Market and check prices, then visit any retailer closer to your home and ask for prices. Compare the differences and elaborate in your own words why these differences exist? Insert snapshots of prices and products.





Section 3

CORE

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Environment

- 1 Marketing Environment
- 2 Political-Legal Environment
- 3 Economic Environment
- 4 Socio-Cultural Environment
- 5 Technological Environment
- 6 Ecological-Natural Environment
- 7 Competitive Environment

Learning Objectives

After reading this chapter you should be able to:

- Know various internal (or micro) environmental factors that are in company's control
- Know all of the external factors that influence a company as PEST-EC

“There is only one constant in this universe ... and that is 'change'.”



Watch Lecture Video in Urdu (اردو)
https://youtu.be/RhX_m3bukqI [31min.]

Opening Scenario: Martial Arts



Photo by Bryan Angelo on Unsplash

Hadoken! Sho-Ryu-Ken! Many youth might recall these from the 'Street Fighter' video game series, well, real martial arts are neither that flashy nor so simple where a simple controller movement with a button press could launch fireball. Nevertheless, video games and movies did spur interest among a lot of youngsters for martial-arts. Although various Street Fighter characters did use different fighting styles but majority of players never knew even names of different forms of fighting and most would often call them all just 'karate' which is actually only one of several styles.

Forms: Martial arts have many varieties, some are strike based as Taekwondo, Karate, Kyokushin, Boxing, Muay Thai and some are based on throws and grappling as Judo, Sumo, Brazilian Jiu-Jitsu and Aikido etc. More recently some arts have also been formed that combines elements from various fields, e.g. KravMaga (developed for Israeli Army) and MMA or Mixed Martial Arts (popularized by UFC: Ultimate Fighting Championship).

Kyokushin was founded by Japanese Mas Omay, who also fought against several bulls in his life and killed three with a single strike. Taekwondo originated in South Korea, emphasizes on kicking mostly. Wing Chun is another art among one of the best whose famous



Image by Candace Hunter from Pixabay

practitioner was 'IP Man' the master of Bruce Lee. Lee himself founded a different art by the name of Jeet Kune Do (JKD) that is also respected mostly because of its founder's fame, although the art itself doesn't have any specified set of rules, as a result every practitioner of JKD is different from another.

Trend: With the invention of TV and now dawn of digital age, the trend of physical activities took a downhill. Martial arts were no exception. As compared to exercise, it is a lot easier for people to waste countless hours sitting in front of a screen, whether it is a mobile, tablet, a PC or an LCD/LED. Even in family gatherings where children, youngsters and elderly and families sit together but mostly everyone is looking at screens. Buying expensive mobiles and video games is common but few would spend on healthy activities and sports. It is very energy efficient to merely tap a screen or use joystick for several hours while conveniently sitting on couch than to actually get out of home and exert enough effort and energy required to practice that would make them sweat.

Females: Although primarily men were involved in fighting fields, nevertheless a large number of females also have growing interest. Guinness World Record of most kicks in a minute was owned by Chloe Bruce, for 212 kicks in under 60 seconds in 2008 that was bypassed by Japan's Yuka Kobayashi in 2011¹. (Although in men this record was established by Lahore's Ahmed Amin in 2014²).

Similarly, in Iran there is also a massive trend of female practitioners. Turkey's Kubra Dagli won gold medal in Taekwondo in Olympics 2016³ for which she was also selected as female athlete of the year.

Training and black-belt levels: As they say, that in most martial arts only 1-2% of white-belts (starters) reach black belt. It requires between 1,000 to 2,000 hours of training, often taking 2 to 4.5 years (with 2-hour daily commitment). Black belt isn't the end as most people think, instead there are many further advance levels called 'dans' of black-belts. Once a person becomes black-belt he can continue to practice for another year or two to become a two-dan black-belt then another two-three years to become three-dan black-belt and so on. A tenth dan black-belt is usually reserved for the founder or a very expert martial artist as it often takes a life-time to reach that level of expertise⁴. Time required and levels of belts also vary widely based on discipline of martial arts.

Benefits: An expert martial artist can break concrete with his/her head, bricks with elbow and multiple layers of ice with a single chop and even tiles with just one strike,

imagine what he/she can do to someone who tries to bully such a person. Besides the fact that martial arts assist in self-confidence, provide ability to defend yourself and most importantly to assist in helping others as in times of need one is able to protect someone who is being a victim. Moreover, a black-belt can train others and thus help this knowledge spread. However, very few people give it a thought.

Health benefits: Full body workout, improved reflexes, slimness are just some of the key benefits of martial arts besides various others. Martial arts help a person to become a better version of their former self.

Martial Arts gyms: Enthusiasts of martial arts took steps to promote this art and created a website of MMA (www.pak-mma.com/gyms) that lists MMA gyms in Pakistan as well as a Facebook page (<https://web.facebook.com/PAKMMA>).

One of these is located in Model Town, Lahore titled 'Victory Kyokushin Dojo' (advertised on Facebook as Lahore Karate Club) held by Mr. Shafiq Awan who is black-belt himself. He teaches both Kyokushin as well as MMA. Similarly, another martial arts centre by the title of 'Shito Ryu Karate Club' was opened by Mr. Shafiqur-Rehman in Wapda Town, Lahore. He himself was trained in both MMA and karate for 4-years. He created a website⁵ to provide details and attract more audience, as websites were uncommon in Lahore for martial-arts. Two issues remained however, that first people were barely willing to spend more and secondly, lack of interest for it. Many would join but leave within a month, as they found exerting so much effort every day a difficult task. Both of these clubs have Facebook pages but with less than 2k likes as of January 2020, although they were established years ago.



Shito Ryu Karate Club Reprinted with permission.

Fitness Clubs: There are over 1,000 fitness clubs in Lahore as people are interested in workout more than martial arts. Synergy Fitness, Shapes, Lahore GymKhana, Structure Health & Fitness and AimFit are a few of famous fitness centres in Lahore. Many of these have multiple branches.

Questions

- Q. What is the 'need' being fulfilled by a martial arts club as discussed above?
- Q. What factors (PEST-EC) influence trend of martial arts? Elaborate each of the factors and their impact.
- Q. Learning it takes a lot of time and seriousness that people are unwilling to exert in this era. What benefits can be emphasized to change this mindset?
- Q. What other promotional methods can be used? How can more people be invited to learn self-defense?

Marketing Environment

There is only one constant in this universe, ... that is 'change'. In other words everything keeps changing. Companies that adapt to this change not only survive but at times become better by finding new business opportunities and ways to fulfil customer requirements. On the other hand those that are overly strict and resist change usually suffer and even go out of business. In order to be aware of potential upcoming changes it is best that a company keeps an eye on the environment. Since change is inevitable so no company can fight or resist it and therefore it is best to forecast the trends, think and see how to ride with the change. As they say, if you cannot beat them, join them.

"We are not fit to lead an army on the march unless we are familiar with the face of the country - its pitfalls and precipices (cliff/abyss), its marshes and swamps"

- Sun Tzu (470 BCE)

in The Art of War [Chinese general, author and philosopher]

Importance of environment and an industry's landscape can be understood in Sun Tzu's words that it is inappropriate to go for war if you are unaware of the lands pitfalls and cliffs. Same is true in the world of business because if a person is unaware of industry details then without knowledge success would be difficult. Sun Tzu was a Chinese general over 2,000 years ago and his famous book 'The Art of War' is considered relevant even today and interestingly in marketing landscape too.

Marketing environment can broadly be divided into two types: Micro and macro. Companies should do environmental scanning to identify the points that help it modify and become aware of issues.

Micro-Environment

It consists of environment that is closer to company. Most of micro-environment is in relatively much higher control of company as compared to the macro-environment.

- i. Customers: Customer should be considered the first and most important element of micro-environment.
- ii. Company: It includes top management, organizational structure and size. Company is another significant factor. Sometimes company downsizes employees usually due to financial crunch. This may come as a threat to remaining employees as it is usually difficult to work with motivation when fear of losing job is looming. As a result providing good customer service becomes difficult and may impact the brand.
- iii. Distributors and retailers: Selection of distribution channel such as wholesalers and retailers or direct selling

- to customers are decisions of micro-environment.
- iv. Raw-material suppliers: Depending on how many options a company has, sometimes raw-material providers may be a nuisance as they may not deliver on time or ask higher prices. At times companies expand and become their own supplier by launching or purchasing their earlier provider. Almost all of the micro-environmental factors are spread throughout this book. Whole chapters are dedicated to many of these, hence details are being trimmed here.

Macro-Environment

Types of trends: Three different types of trends that exist in Macro-environment are:

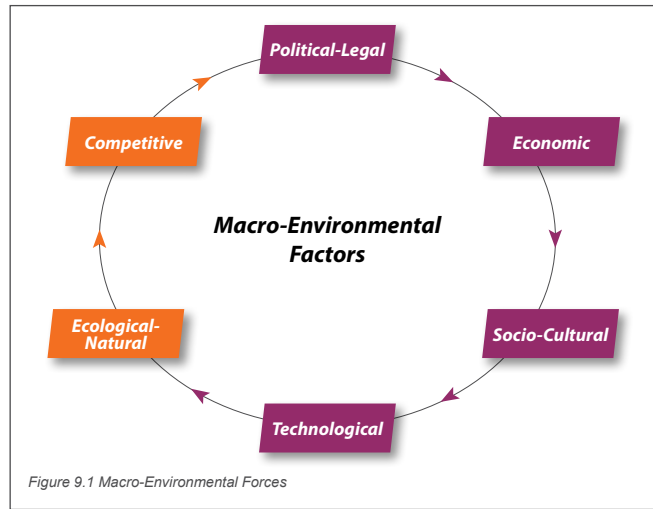
Fad: *Fad* refers to a trend that is very short-term, usually lasts a year or so. It gains popularity very quickly but also fades away just as rapidly. Foods, exercises and clothing often demonstrate examples of fads. Fads are often spread because of social interactions and nowadays social media is also assisting spreading or killing of fads. For example, in Lahore 'ear protector' came as a fad in early 2010s, however, it almost disappeared from market and consumers within a year.

 *Fad: Products that experience an almost overnight popularity but then also go out of fashion just as quickly.*

Trend: Trends are a bit slower but on wider scale and may last roughly five years or so. For example, usage of social media is a trend that a large population has been touched with. Another example is a trend of people becoming more health consciousness and permanently adopting a healthier diet and exercise plan.

Megatrend: These may take years in development but are almost a certain future. Current megatrends of world would be an aging population, rapid evolution of technology, continuous requirements of high-speed internets, busier and relatively selfish lives, urbanization and globalization⁶. Although unexpected events may stop a megatrend such as World War 3 is expected to annihilate almost all technology and bring humanity back to horse riding and sword fighting so contingency plans should be there but usually megatrends stay for long in this temporary world.

Besides as shown in Figure 9.1, six macro-environmental factors are: Political (and legal), Economic, Social (and Cultural), Technological, Ecological (and Natural) and Competitive.



**PEST-EC or
Macro-Environmental
Factors:** The larger
external forces that
affects company such as
Political, Economic, Social,
Technological, Ecological
and Competitive.

For the sake of convenience of remembering, these can be called **PEST-EC**. Many text-books consider only PEST as external factors and hence exclude Ecological/Natural as well as Competitive forces. However, these are both important and exert influence on company.

Political-Legal Environment

Certain political and legal forces set rules that influence a company's decision making. In most cases these rules are set to either directly protect consumers or companies. For example, WHO (World Health Organization) has proposed a complete ban on advertising of cigarettes. If this ban would be implemented then it would result in saving lives of many people at the cost of profit of a few companies.



WHO proposed ban on
cigarette. Imagine implications
if it would be implemented.



Image by Sarah Richter from Pixabay

At times governments allocate certain areas as 'trade zones' or 'industrial zone'. They often also provide reduced taxes in

these specified zones as they try to encourage investors to build industry thus leading to reduced unemployment and relative prosperity in economy. Pakistani government started with first Export Processing Zone (EPZ) in Karachi in 1989 and then opened more. It exempts taxes on equipment and machinery including spare parts. Similarly, in 2012 Special Economic Zones (SEZ) Act was also passed that provides financial as well as infrastructure support⁷. Competition Commission of Pakistan also has various Acts to moderate trade⁸.

Many decisions of a company are relevant to international trade as tariffs and nontariff barriers as well as quota restrictions play a role into how much export and import are possible from a country.

Economic Environment

It consists of factors that affect consumer purchasing power and spending patterns. It contains elements like economic growth, unemployment, inflation and exchange rates. Fluctuation in economic state in a typical business often goes through ups and downs and these are called '*business cycles*' or economic cycles. It is the increase and decrease in **GDP (Gross Domestic Product)** which is the total value of all goods and services produced by a country. A complete business cycle is a measure from one peak to next peak or alternately from one trough (downfall) to next trough⁹.

There are four phases in a business cycle as shown in Figure 9.2.

- i. *Expansion*: It is the period during which economy is growing, unemployment is falling and overall sales of industry is rising.
- ii. *Peak*: During it the expansion stops but overall situation is favourable with high sales and relatively low unemployment. During prosperity periods consumers are asking for more products so production and employment is high. Hence, during these peak-periods, it is relatively easy for companies to make profits.
- iii. *Contraction*: Following the peak is downfall of economy as it is in recession. Sales and profits start shrinking and



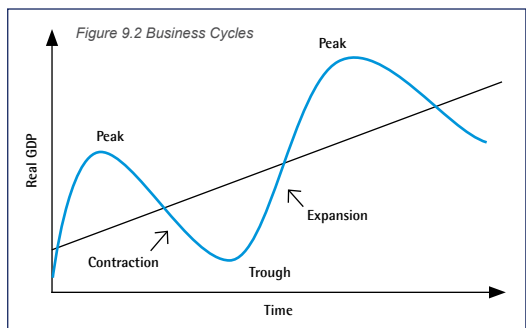
Economic

Environment: A set of factors including business cycle, inflation and interest rates that affect the marketing activities of an organization.



Business Cycle:

Differences in economic states in a typical business often goes through ups and downs.



so do the job opportunities.

- iv. *Trough:* Once contraction is about to take a turn towards growth there is again flatness in sales growth and overall unemployment is high. During contractions and troughs consumers become very price conscious.

Expansion is measured from trough to peak while contraction is from peak to trough. If a company invests heavily during peak and it immediately follows with a trough then result is major financial crisis for the corporation. That is why knowing and attempting to forecast such trends is important.



Demarketing: An effort to reduce demand of a product.

Companies might even have to get involved in *demarketing* that is discouraging use of a product. At times a company cannot meet demand so instead of leaving customers dissatisfied it either slightly increases price or discourages usage of a product. SNGPL's (Sui Northern Gas Pipeline) ad emphasizing that people use heater for limited time to save gas and WAPDA's campaign to encourage users to save electricity, keep appliances off when not in use and such efforts are example of demarketing.

Countries have various different types in terms of economy. 'Industrial economies' are rich markets for all sorts of goods while 'raw-material exporting economies' have limited luxury segment. Companies operating in multiple countries need to have an estimate of their products total market size. A water or juice manufacturer may still have a considerable target market in almost every country but a heavy bike company may be selective in choosing countries.

Exchange rates mean how much a currency is in terms of other. For example, \$1 was equal to Rs.105 at start of December 2017 but reached Rs.165 in June 2020. The result is impact on all import and export relevant businesses. Exports become convenient and profitable at such times but imports become very expensive. A customer in Pakistan could purchase an imported product for around Rs.30,000 at start of 2018 but the same person had to pay Rs.55,000 just about a year later only due to rise in exchange rate difference, thus expensive (imported) products for customers and fewer sales for retailers.

BRIC (Brazil, Russia, India and China) are four large and fast growing economies that are often of interest to companies as these provide lucrative markets. Similarly, EU (European Union) that has been formed to globalize and make convenient trading with each other is a very large economy.



"Money doesn't make you happy. I now have \$50 million, but I was just as happy when I had \$48 million."

- Arnold Schwarzenegger

Austrian-American actor, investor, author, activist & politician. (b. 1947)

Socio-Cultural Environment

It includes all aspects relevant to social and cultural factors that shape an individual's behaviour. For example, there are changes in the workforce as now people are more educated, and hence more white collar employees. For customer's convenience banking sector expanded its working hours. These used to be only from 9am-1pm a few years ago and employees used to wind-up daily transactions post-lunch and would often be freed by 5pm but now the working hours have gone to 9am-5pm, some benefit to consumer but resulting in extended working hours for all employees.

Demography as previously covered (in detail in segmentation chapter) refers to human population statistics such as age distribution, world population growth, gender and income. These demographic variations are extremely important from company's point of view.

Ethnicity is also critical as a mix of different ethnicities is common in every country. Similarly, since CPEC (China Pakistan Economic Corridor) establishment in 2013 a large number of Chinese are now beginning to arrive and reside in Pakistan.

Core beliefs and values are persistent and are primarily passed on from parents to children and are reinforced by schools, businesses, and government. In Pakistani culture grandparents or combined families also play important role to inculcate values in a child. While secondary beliefs and values are more open to change and include people's views of themselves, others, organization, society, nature, and the universe.

Belief is an opinion about something. From marketing point of view it is a subjective perception of a consumer about how well a product might perform. It may be formed by other people's discussions, past experiences or even advertising.

Example, Islamic banking has been growing in Pakistan very rapidly and it was about 30% per year in 2010-11 and in last quarter of 2017 it made profits of Rs.23 billion but Rs. 34 billion in last three months of 2018, a whopping increase¹⁰. It is fueled by religious reasons as taking 'interest' (*riba* / سود) is forbidden in Islam and is one of the biggest sins. Quran has ordered staying away from it and that the person who opts for *riba* (interest) is declaring war against Allah and His messenger (ﷺ). [Surat Baqara ch-2: Verses 278 & 279]¹¹.

State Bank of Pakistan publishes bulletin about various news including info about Islamic banks, following are Islamic Banks as per their latest report by Jan 2020¹²:

- Al-Baraka Bank (184 branches)
- Bank Islami (218 branches)
- Dubai Islamic Bank (200 branches)
- Meezan Bank (689 branches)

People's point of view and nature also matter. For example some people are DIY (Do-It-Yourself), they like to do small household chores and tasks by themselves. Instead of calling



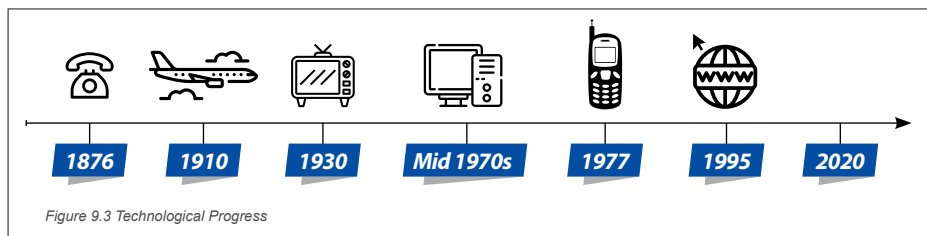
**Want to know more
about Islamic Banking**

<http://islamicbookslibrary.wordpress.com/category/islamic-finance/>

for a plumber or electrician they prefer attempting to fix it themselves. It gives them a sense of accomplishment. Similarly, some people are adventurers and love to visit places, go for hiking while some others may prefer “cocooning” (sitting at home). For example, Rosie Gabrielle is a famous Canadian solo biker and traveller. She visited Oman in 2017 and broke her bike. She was helped by two men. This act of kindness broke her and she shared that being a vulnerable single female you don't get to experience that, there is so much goodness in this world. In 2019 she visited Pakistan and accepted Islam in January 2020.

Technological Environment

Technology is one of the most dramatic forces in changing the marketplace. Websites provide a door for potentially billions of customers to know about the company and its products. Navigation systems in cars and invention of smart watches that tell how many steps you've taken, your blood pressure and calories burnt are examples of marvels of technology. Rapid changes have been brought in lifestyles due to shift of communication from landline telephones to cellphones. Now even 5G technology (5th generation of telecom network) that was launched in 2018 is spreading¹³. Some technological progress is shown in Figure 9.3.



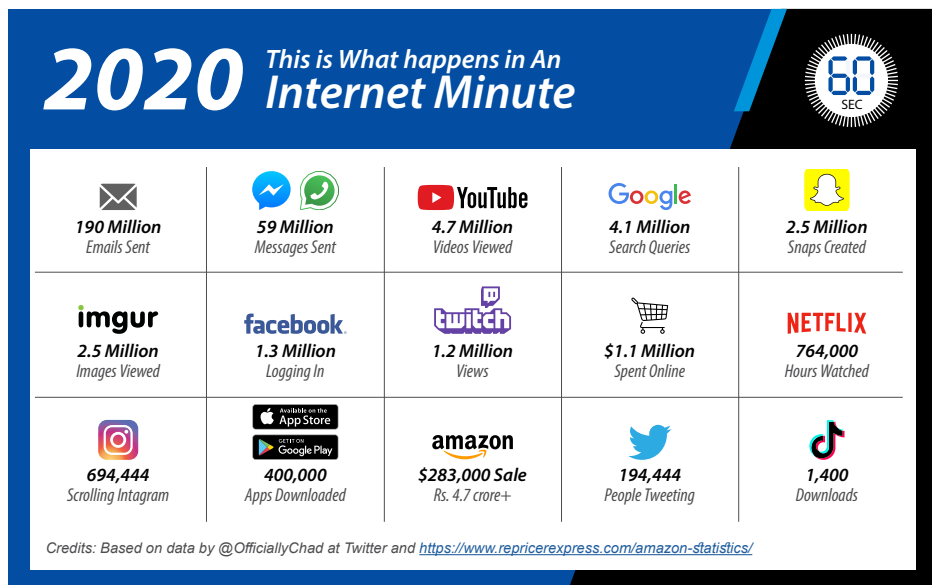
Things that were difficult to be imagined just two to three decades ago before birth of internet have been possible through the birth of technology. Online purchasing is just one example as now, from comfort of home a person can order almost anything through websites like Homeshopping.pk, Daraz.pk and various other sites.

Internet Statistics:
www.internetlivestats.com

Technology allows companies to know about customers in many ways, from cookies that help companies know consumer search patterns to visited places and apps being used by the customer as well as brand pages liked on social

media. Even courier services are now track-able. Buyer and seller can both know how far their product has reached.

Despite most advantages of technologies some often serve as a threat to companies. Evolution of digital technologies



has led to downfall of various traditional products as VCRs, tape recorders; rise of internet has brought downfall of many print industries including newspapers and magazines as a lot of people prefer accessing same or similar information free of cost. Companies hence need to adapt to such changes.

Technology has also altered the way of living of humans in recent years. People are sitting in one country yet working for another (see <https://www.fiverr.com/> or <https://www.upwork.com/> that offers such connections), all of this was almost impossible just a few years ago. One can check which types of jobs are coming up more nowadays through sites like Rozee [Rozee.pk](https://www.rozee.pk), Bayrozgar www.bayrozgar.com/ and Mustakbil <https://www.mustakbil.com/>. While most people think technology is harmless, which is true to a certain extent as it depends on the user but moral values have also gone down with its arrival as it has totally changed the society as a whole. Various risks especially consumer privacy is a growing matter of concern as discussed in first chapter. Some security agencies now have started putting the entire world's population under surveillance¹⁴ and their story is to



Image by Gerd Altmann from Pixabay

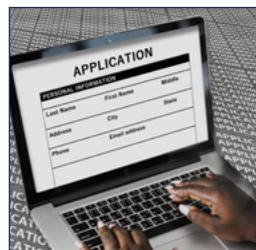
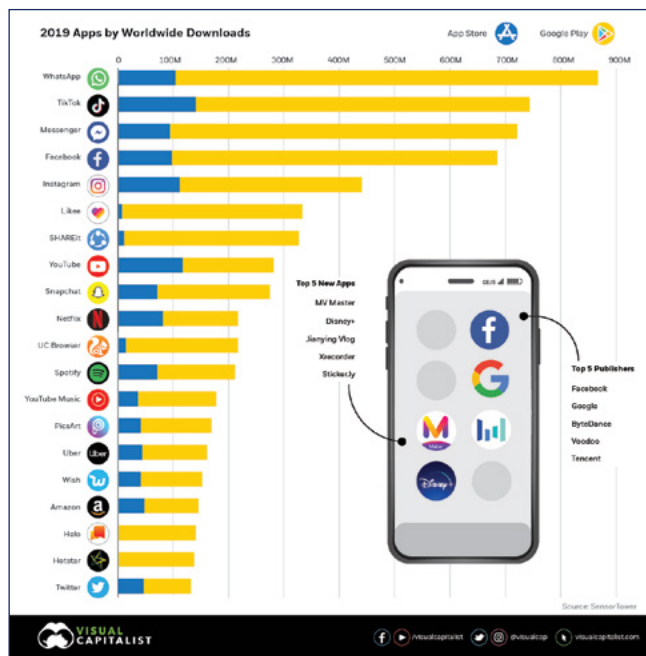


Image by athree23 from Pixabay



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<https://www.visualcapitalist.com/ranked-most-downloaded-apps/>

protect. Mobile phone SIMs being traced and even mobile and laptop cameras being activated in the name of safety is an open invasion of a person's privacy¹⁵.

Ecological-Natural Environment

Ecology is a branch of biology that is concerned with study of living things in their environment. Weather also impacts various businesses. For example, there would be a lot more sale of air-conditioners in Sibi (a city in Balochistan) as compared to Skardu (a city on Indus river separating Himalayas and Karakoram mountain ranges).

Environmentalists do not just measure the cost of a product to an individual consumer but they view the impact as a whole. From manufacturing of product to its transportation to consumer, from consumption by the user and finally disposing it off by the person into the environment. Hence, it would include cost of producing the product by company, company's spending and utilizing of resources of the planet, transportation costs of delivering goods to consumers and even after consumption the cost of discarding the remaining

waste of product packaging etc. Key factors worth looking in it are global warming that might melt ice from North and South Poles thus raising sea level by 216 feet and reforming the entire world map¹⁶. To protect earth from radiations The Creator has designed Ozone layer, however, pollution from vehicles and industries is damaging it. Energy and resource conservation is very critical as the globe has very limited amount of non-renewable energy sources including water (the basis of all life) and oil (currently dominant most resource for machineries and vehicles) but is expected to be depleted completely by year 2056 if production remains constant¹⁷.



Wood is also a typical example, as they say save a paper, save a tree. Similarly, customer's requirement for wooden furniture contradicts with preservation of forests. Trees absorb Carbon dioxide and provide shade and help reduce temperature (protect from global warming).

WWF (World Wildlife Fund) spends considerable time and energy to preserve wildlife. Unfortunately, a lot of people hunt wild animals only as a leisure activity and sometimes to create expensive products for few rich people. Luxury brands like Gucci offer purses for around \$1,000 to 3,000 but same brands have crocodile skin purses above \$31,000¹⁸, thirty times the price (around 50 lac Rupees) to exploit rich and kill an animal. Some companies have taken steps to come up with skincare products made only from vegetable oil and utilizing no animal ingredient.

Plastic shopping bags are non-biodegradable. That is why some companies focus on eco-friendly products and bags. For example, Metro Cash and Carry retail chain launched recyclable bags with sponsorship from Qarshi and Pantene.

Various consumers and groups are becoming concerned about environment and are working for green (environment



Northern areas in Pakistan due to natural coldness won't need products like split-ACs.



Image by Shah Zaman khan from Pixabay

Consumer tips - Go Green

Following are a few tips to be utilized:

1. Keep Air-Conditioner at 26-27 degree
2. Replace most used lights with LEDs
3. Keep lights/electronics off when not in use
4. Turn off the extra fridge/freezer unless needed
5. Reduce showering time to 3-4 minutes
6. Dress warmly (and use warmer blanket) rather than warming whole room via heater etc.
7. Install insulations in ceilings (and external walls)
8. Install solar panel
9. Replace UPS with rechargeable fan/lights
10. Reduce household's gas/water consumption.



Plastic is hazardous to environment. Many companies have now started opting for biodegradable bags.



Plastic Photo by Jon Tyson on Unsplash



friendly) products. In general government is also supportive and by August 2017 Pakistan had planted over a billion trees and continues to plan for even more so in future¹⁹.

Manufacturing and sale of hybrid cars is increasing day by day. Toyota's Prius is a typical example, as it provides environment friendliness as well as reduced running cost to customers. Nissan's LEAF and now various other companies are also coming up with all-electric cars to preserve environment.

Environment or rather lack of care for it may cause various different types of hurdles too. Australia has had wildfires also called bushfires that have killed over 800 people since 1851. In 2019 and 2020 season these bushfires have been of very high intensity burning over 1,00,000 kilometre square land²⁰ with about 6,000 buildings, 28 humans and a billion animals by January 2021.



Think Green: Solar Panel guide

<http://loadshedding.pk/the-complete-solar-guide-for-pakistan-including-prices/>

Coronavirus, discovered in 2019, thus called COVID-19 caught the whole world within months. Since, it is contagious therefore to prevent its spread countries all across the world practiced lockdowns and cancelled flights. It shook the world in many ways. Universities shifted to online classes bringing rise to brands like Zoom, schools and colleges had exams

cancelled. Interest rates fell as did the oil prices and economy went in free fall. A lot of middle and lower-class was hit due to lockdown as many companies were laying off employees to co-op with lack of business all across the globe.

Not to mention situation of those who were directly inflicted by the disease and had to go in isolation wards in



Busiest cities across the globe became desolate in fear of a germ, so small that it couldn't be seen with naked eye



hospitals or those who lost a nearby loved one. World was no longer what it was just a few months ago. Rise of 2020 was celebrated as if we were advancing towards future, humanity had gone a long way in just a few hundred years, it had some marvelous technological developments, scientific breakthroughs especially in fields of medical, hundreds and thousands of innovative new products and applications were being developed for the benefit of mankind. While, people used to argue that third world war would be catastrophic, yet who would've had thought that entire humanity would be brought to its knees against a germ, so small that naked eye couldn't see it, yet it turned world upside down. World's largest super powers had enough nukes to bomb the entire planet but didn't had enough ventilators to save people of their own country; most populous cities among the most developed nations including all across Europe and US appeared desolate.

Such large scale pandemics were uncommon, almost once a century. However, with rapid pace of transportation it also became a reason for fast spreading of this COVID-19. Such natural incidences alter businesses in unexpected ways.

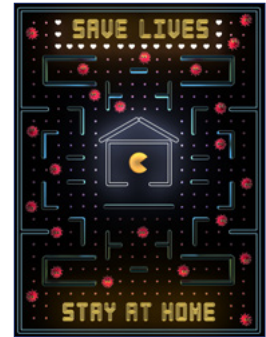


Photo by United Nations on Unsplash

Competitive Environment

Often a company's actions are influenced by the actions of other firms operating in the same industry, especially those that are providing similar products, usually these companies are called competitors. Then there are some other companies that are providing alternate products to fulfil the same need, such products are called as 'substitute products'. For example, need for hunger can be fulfilled by *roti salan* or rice but also by junk-food (fast-food) or Bar-B-Q. These are all various ways of fulfilling the same need.

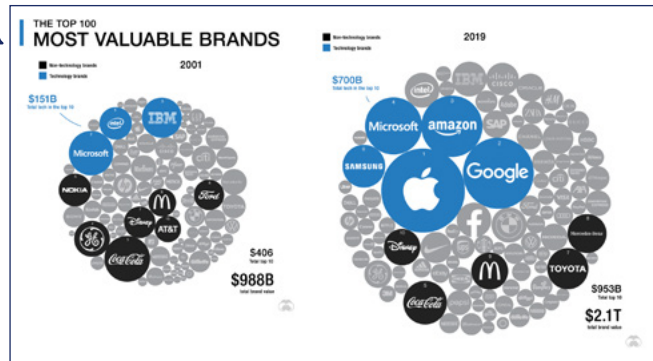
Patents are also important and at times these too raise issues at global level as one company invests time and effort in developing a product and wants to recover that cost. Of course, it doesn't mean only that company has right to make this product in future. This issue magnifies in consumer's usage of medicines. In case of conflict among companies about copyright issues, cases are often dealt in international court.

Besides, technology is a very important factor that has not only brought major changes among people's lifestyles but it has also reshaped the brand world. Many brands have risen in last couple of decades through technology. Microsoft, Amazon, Google, Apple, Facebook and Samsung would be key examples of it. A comparison of 2001's top brands with 2019's was done by Visual Capitalist as shown in picture. Although, overall brand value almost doubled during this time but technology brands have grown much faster than that, some quadrupled in size.



How tech is eating the brand world. A comparison of technological companies massive growth among the top 100 most valuable brands.

Source: Designed by Visual Capitalist. Reprinted with permission. Available at <https://www.visualcapitalist.com/technology-companies-eating-brand/>



Type of Competition

Competition may also vary depending on a company's product and target market. Economists have classified four types of competitions.

- **Pure competition:** In industries where there are a large number of buyers and sellers with no product differences such as farm products like wheat, rice etc. 'pure competition' occurs. This competition is purely on basis of price.
- **Monopolistic competition:** It characterizes an industry where a large number of buyers and sellers are present but there are some differences in products. In monopolistic competition, usually each company has a small market share. For example, kitchen products can be manufactured by many companies but also differentiated on the basis of various features.
- **Oligopoly (oligopolistic competition):** Industries having very limited companies that control most of the market are said to be in oligopolistic competition. For example, air-travel, cars (in Pakistan), PCs. Mostly these are industries with very high start-up costs which is the prime reason why there are only a few companies.
- **Monopoly:** When there is just one company providing a product. Monopolies are usually rare. For example, WAPDA for electricity or Pakistan Railways. The closest substitutes to electricity is either purchase of a generator that is very costly, or solar energy which is now spreading.

Michael Porter (a Professor of Harvard Business School) enlisted *five forces* or elements of an industry that affect a company. These are:

1. **Rivalry among existing firms:** At times the competition is intense as companies primarily have eye on customers of competing firms. On the other hand sometimes there is little rivalry and each company has a bit different product so each company has a relatively different customer base. For example, a local retailer may be offering ice-cream with other goods and a similar shop may have fresh dairy as milk and yogurt. Soft-drink industry is a very typical example where a number of brands compete aggressively to gain market share such as Pepsi, Coke and Gourmet Cola in Pakistan. Frozen food industry is also becoming quite competitive with brands like Sufi, Big Bird, Menu and Sabroso although K&N is market leader with 65% market share²².



Rice and similar products that cannot be differentiated usually remain in pure competition.



Photo by Pierre Bamin on Unsplash



Five Forces: Five elements of industry that influence a company.



© A S Q / Shutterstock.com

2. *Threat of new entrants:* There is a possibility that a new company would enter the market and sell exactly the same product to same customers. It is often the case when product sales are high, as because of these higher sales other investors also jump into that industry. However, amount of initial investment needed has a huge impact into number of possible entrants as an airline or even car manufacturing industry requires a lot of initial capital, because of which fewer companies can enter as opposed to case of a restaurant.
3. *Threat of substitute products:* This force is self-explanatory as consumers have to spend certain amount for fulfilment of a need. All companies that are providing products for satisfaction of same need are providing substitute products. For example, a customer has to go from one place to another, now auto-rickshaw to local buses, Daewoo Cab, Uber's bike to Qingqi (pronounced Chin-chi) are all fulfilling the need to travel.

Having substitutes is good for customer as it often helps in keeping a cap on pricing. Any product that goes really pricey and hence off customer's affordability would be forcing them to switch to substitute products. From visiting Joyland to viewing TV channels, playing video games to involvement in outdoor activities, visiting hilly areas to watching cricket in stadium are all broadly in same industry of entertainment business. Courier services are somewhat alternate to emails. Pizza competes with burgers and shawarma.



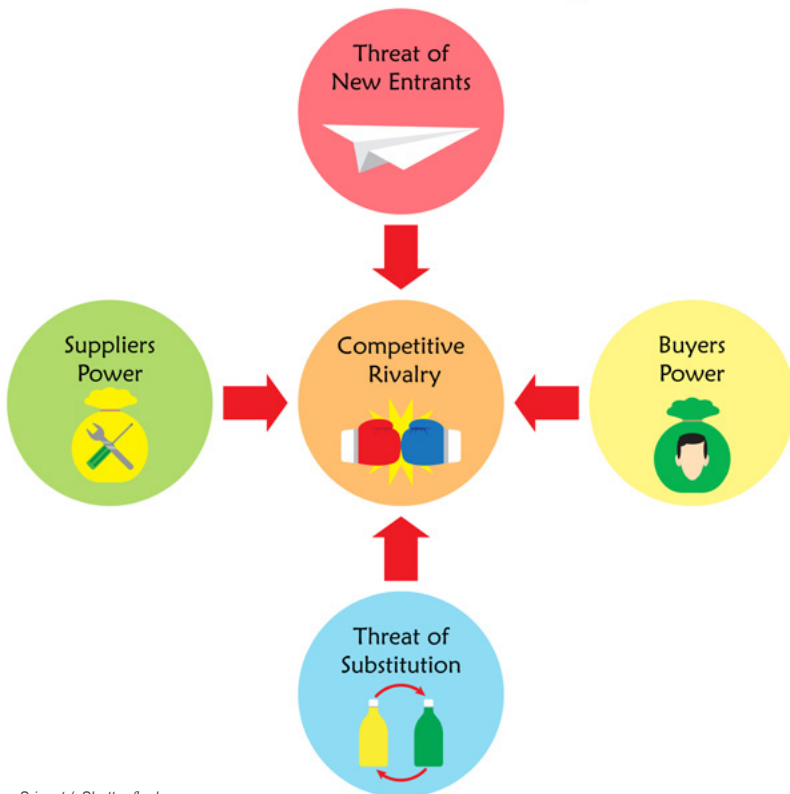
Pizza competes with burgers and shawarmas that are its substitute products.



Image by skeeze from Pixabay

4. *Bargaining power of suppliers:* Depending upon the nature of company, suppliers might be very vital especially in manufacturing industries since raw-material is a key requirement on basis of which products are made. If there are few suppliers then they may manipulate prices by behaving like oligopoly, but if there are a large number of suppliers available then company has authority to easily switch them and has more control over prices.
5. *Bargaining power of buyers:* Most companies that sell to other companies may have noticed the influence of buyers. Very much like suppliers if buyers are fewer in number then they too may dictate prices or expect better services and hence may be forcing the company to operate on their terms. This is not the situation in markets where there are lots of buyers as in consumer markets.

5 Forces Analysis





Competitive

Advantage: An advantage over competitors gained by offering greater value either through lower cost/ price or providing more benefits.



Panasonic differentiated its product by launching laptop series 'Toughbook' designed for extreme conditions.



© Lutsenko_Oleksandr / Shutterstock.com



Ad: "The Impossible Dream"

Honda's competitive advantage = Expertise in engine manufacturing
https://www.youtube.com/watch?v=vtmhmy_KcgM

Image by Cicero7 from Pixabay

Competitive Advantage

Competitive advantage is the edge that a company has over other companies operating in same product category. It can be gained through one of the following two methods:

- **Low cost leadership:** Meaning that a company should focus its resources in an attempt to create a low-cost product so that they may earn profit through higher sales.
- **Differentiation:** Other option is to provide a product that is unique and better than other existing brands. There are many different forms of differentiations as:
 - ✓ **Product Differentiation:** Having difference in product. For example, Panasonic launched Toughbook, a laptop series designed for extreme conditions such as extreme temperature, rough handling, vibration and spills²³. Hyundai when launched Santro in Pakistan promoted it as having more trunk space in comparison to other hatch-back cars.
 - ✓ **Service Differentiation:** Offering different service as a large number of restaurants have now started offering 'Free Home Delivery'. Furthermore, many brands have limit of Rs.300 or 500 of minimum order to avail 'free home delivery' service as can be checked on Food Panda (an app that connects nearby food restaurants to consumers).
 - ✓ **Channel Differentiation:** It is when a company is differentiating itself on the basis of unique distribution channel. For example, HomeShopping (called HSN for short) instead of offering retail outlets gives opportunity of shopping from home as consumers can order online. <http://homeshopping.pk/>
 - ✓ **People Differentiation:** Some companies differentiate on the basis of trained staff that deals with customers in polite manner. For example, a local internet provider would often give higher quality and faster broadband speed than many famous brands.
 - ✓ **Image Differentiation:** Renown brands can cash on their brand 'image' but it must deliver what it promises. Large brand names like Sony, Nestle and Honda have a reputa so launching a new product is easier for them.

Knowing the competitive advantage or core strength allows organizations to know themselves better and hence utilize these effectively; it may guide them to outsource,

downsize or acquire businesses. Nike for example has used its marketing expertise and expanded its brand of shoes to clothing, accessories and equipments. IBM on the other hand sold off its PC (personal computer) to Lenovo in 2005 as it thought that PCs were no longer vital to its core business of services, software and high-end computers, although Lenovo in next 10 years became number-1 PC player in the world²⁴.



© A S Q / Shutterstock.com



Lenovo purchased IBM's PC division in 2005 and by 2015 became no. 1 PC player in the world.

Cooperation Instead of Competition

Value Net model was developed by two people and published in their 1996 book, *Co-Opetition*. It focuses on cooperation instead of competition that is the focus of Porter's Five Force model. This model emphasizes that you can cooperate even with competitors. They also emphasize cooperation with customers, suppliers and encourage utilizing other companies as '*complementors*'. The Value Net model defines complementors as those companies that sell a product that complement the product of another company by adding value to mutual customers. For example, a customer going on a tour to another country needs airplane as well as touring so both companies are better off working together²⁵. Similar companies can buy in bulk together to avail discounts.

One should concentrate on the concept of cooperation and not competition. Ultimate goal of a business is to ensure that while earning nothing is done against will of The Maker and by putting other humans as a priority. As discussed previously in chapter-7 some say that 'purpose of business' is to make money/profit. It is true that making money is the second



Complementors:

Those companies that sell a product that complement the product of another company by adding value to mutual customers.



"Think win-win"

- Stephen Covey

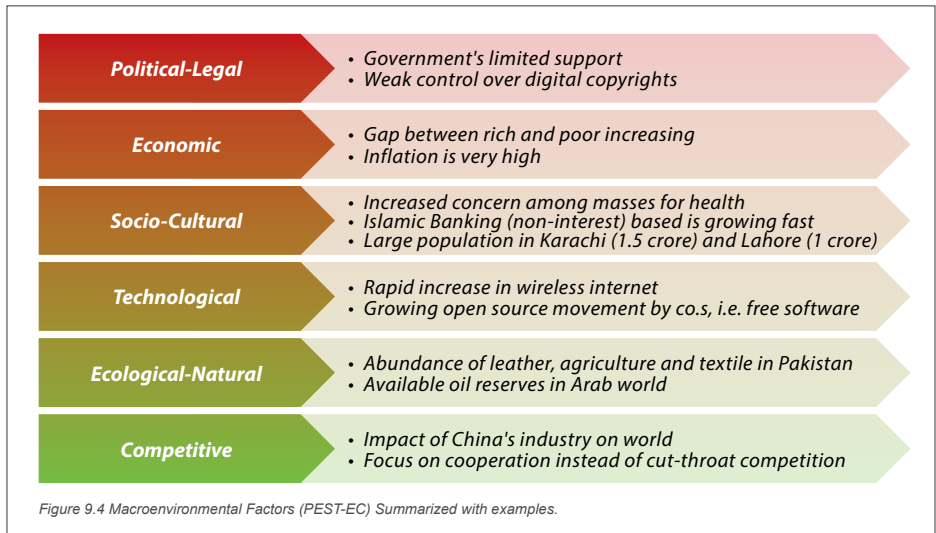
from the book *The 7 Habits of Highly Effective People*.
(d. 2012)

most important point next to ensuring no disobedience of The Creator. If money isn't made in one type of business then obviously people involved will get de-motivated and shall try to opt for a different business. However, money should not come at cost of other people's health or by giving them pain or by deceiving them etc. Take a look at the following differences that arise when purpose is money vs. customer satisfaction. For example, A milk shake producer targeting money will use unripe fruit if he can get it cheap irrespective of the fact how dangerous it can be for the customer's health. Bus service offered by Daewoo is bound by fix timings and they don't delay it even if few seats are empty, so that customer's time isn't wasted. On the other hand there are several other bus services available but those keep on delaying till every seat isn't filled. It doesn't mean that Daewoo always leave even if there is only one or two seat but in such a case they simply inform the customer via SMS that your bus has been cancelled kindly call/s contact for details (and hence alternate timings available). Daewoo charges twice or more than local and it may appear that due to empty seats they may incur loss but they are doing well. It is good ethically, morally as well as for business to think of long-term customer benefits even if short-run losses are to be absorbed.

Similarly, rights of employees should also be considered. For example, a five star hotel in Islamabad may be considered excellent with variety of facilities and services. However, if you ask any of their guards or drivers about the privilege of working at such a luxury hotel. Those employees say there is almost no extra benefit or higher salary for them. Most of them are on contractual basis with no job security in the long-run. While charges of one room may start from a whopping \$209 (over Rs.35,000) a night yet the employees are still provided with the lowest possible salaries in the country. Very same is the case with some famous bakery brands. While they may give money for charity and free-food to poor yet their own employees are rarely satisfied because of extremely tough working conditions and hectic working hours in return for little salaries.

One day all of us are going to be answerable to someone who gave us everything. We are supposed to treat others the way we would like to be treated, a fact corporations need to keep in mind. Although for most of them competition is extremely important but it often begins issues in terms of ethics as the assumption behind such competitions is that only one company can earn. As Stephen Covey wrote in his famous book that one should think win-win. In most cases there are ways how companies can utilize own strengths to offer products without any need to assume each other as 'rivals'. There is a very interesting incident from *sahaba* (companions of Holy Prophet ﷺ). A customer came to a shop and asked for a certain product. The *sahabi* (shop keeper) replied that he has it. Customer asked for the price and agreed to buy it, but *sahabi* requested him to go to the next shop and purchase it from there. The customer was surprised and asked that when he is willing to buy it for your price then why are you sending me to next shop? The *sahabi* explained that actually I've had a few customers today but the next shop-keeper didn't had any. So, I want him to have some sales as well. Such should be ones moral values and standards. Imagine that a person who is so concerned about his competitor, then how much concerned would such an individual be about his customer. Also, although such an action is primarily done to please God and gain reward in *akhirah* (after life) but it also reaps benefits in this world. This customer would share this incident with several other people and this in turn would bring many more customers to his shop. Thus benefits shall be earned for both worlds: *duniya* and *akhirah*.

Examples of all six macro-environmental factors PEST-EC are given in Figure 9.4.



Responding to Environment

There are three main approaches

Proactive: Forecasting the possible upcoming change and moulding yourself accordingly. It is a recommended approach.

Delay: One response is to delay an action even though a change has occurred. It may be due to bureaucratic decision making or sometimes large companies are slow to react.

Ignorance: If a company doesn't do any environmental scanning, they may remain ignorant of the changes and hence won't be taking any action. This resistance may and has caused companies to go bankrupt.

”

"Be proactive"

- Stephen Covey

from the book The 7 Habits
of Highly Effective People.
(d. 2012)

Chapter 9 **Epilogue**

KEY-TERMS



Fad: Products that experience an almost overnight popularity but then also go out of fashion just as quickly. (p-299)

PEST-EC or Macro-Environmental Factors: The larger external forces that affects company such as Political, Economic, Social, Technological, Ecological and Competitive. (p-300)

Economic Environment: A set of factors including business cycle, inflation and interest rates that affect the marketing activities of an organization. (p-301)

Business Cycle: Differences in economic states in a typical business often goes through ups and downs. (p-301)

Demarketing: An effort to reduce demand of a product. (p-302)

Five Forces: Five elements of industry that influence a company. (p-311)

Competitive Advantage: An advantage over competitors gained by offering greater value either through lower cost/price or providing more benefits. (p-314)

Complementors: Those companies that sell a product that complement the product of another company by adding value to mutual customers. (p-315)

Complementors

Marks: 10

Approx. time required: 60 min.

As a group pick different products and then see what type of complementation or deals you can do together so that it is win-win for each company as well as customers.

Environment

Marks: 10

Approx. time required: 3 hours

Q1. PEST and SWOT ----- (5 marks)

Marketing environment has two types: Macroenvironment and microenvironment. Macro is covered mostly in PEST but some people have made various versions of PEST by extending it to include other elements as well, just as this book has done with PEST-EC. Read the following article and then answer the questions:

<http://www.businessballs.com/pestanalysisisfreetemplate.htm>

- From the heading 'PEST variations' what is it that author is trying to say? Share your learning. [150+ words] (3 marks)
- Difference between PEST and SWOT? From the above article read the headings 'pest or swot' and 'more on the difference and relationship between PEST and SWOT' and provide your understanding of the difference between the two. [100+ words] (2 marks)

Q2. Seven Ways You Can Save the Planet ----- (5 marks)

(Ecological Factor) Environmental sustainability is becoming a key concern lately and consumers and some multinationals are very concerned about 'green environment' to make the planet sustainable in the long run. Sony for example, keeps on coming up with greener products. Read the following article and see if you can apply a few points in your life and also help others: <http://www.khaleafa.com/khaleafacom/seven-ways-you-can-save-the-planet/>

Provide a summary of this whole article OR you may pick any 1 or 2 articles from the same website and summarize. [300+ words]

Learning Outcomes: Marketing environment contains some important concepts as PEST and SWOT, so both should be known well. In second question, concern for green environment is also addressed.

WWF Pakistan

Marks: 10

Approx. time required: 3 hours

Submission type: MS Word document.[group]

<https://www.wwfpak.org/>

Browse its website and download annual report and see what they are doing. Each member must have equal portion of roughly 500-800 words, properly formatted with relevant pictures and important statistics. You can cover each of their broad domains as:

- | | | |
|------------|----------------|------------------------|
| i. Forests | ii. Freshwater | iii. Food and markets |
| iv. Oceans | v. Wildlife | vi. Climate and energy |

Perhaps two per member for a group of three.

They also have a magazine, that contains important articles. In group of four, last member may opt for summarizing one of the following articles:

Coffee Talk: A Plastic Ocean <http://www.wwfpak.org/natura42-4-2018/coffeetalk.php>

The Last Drop <http://www.wwfpak.org/natura42-4-2018/TheLastDrop.php>

Stop Wasting Food <http://www.wwfpak.org/natura42-4-2018/StopWastingFood.php>

Chapter-10

Ethics and Haya (modesty) حياء

- 1 Ethics
- 2 Islam, Haya (modesty) and Marketing
- 3 Physical Hijab
- 4 Emotional Hijab

Learning Objectives

After reading this chapter you should be able to:

- Understand what is meant by ethics and its importance
- Know The Lord God and His countless blessings
- Know the needs of mind and heart
- Understand haya (modesty) and its importance
- Know about physical *hijab*
- Elaborate what is emotional *hijab*



- George W. Bush (b. 1946)
Former US President from 2001-2009.



"At this moment, America's greatest economic need is higher ethical standards"



Watch Lecture Video in Urdu (اردو)
<https://youtu.be/-WA1zXw1z2U> [38min.]

Opening Scenario:

Ethics Lessons from Comics and Anime

Death Note is a famous Japanese manga (comics) and anime series. It is considered as one of the best anime by viewers with a unique concept. This series raises some important ethics related questions. Its story is centred around Light Yagami, a 17-year old high secondary school student, who is very brilliant and always stood out in the class. One day he found a book "Death Note". Light was surprised and wondered what exactly it was for, he opened it and saw instructions with the title "How to use it?", the first point was "The human whose name is written on this book shall die". Just out of curiosity he took the book home.



Death Note (Ethics lessons from anime)



Some stories provide fuel for thought. Death Note is one such famous Japanese manga and anime series. Watch its first episode and think about the protagonists actions. Is it wrong to kill a murderer? What is the fault of his wife and children?

<https://www.wcostream.com/death-note-episode-2-english-dubbed-2>

© Sarunyu L / Shutterstock.com

A fter reaching his room he started reading it further, "This note will not take effect unless the writer has the person's face in mind when writing his/her name. Therefore, people sharing the same name will not be affected.

- If the cause of death is written within 40 seconds of writing the person's name it'll happen, if the cause of death is not specified the person will simply die of a heart attack. After writing the cause of death details of death must be written in next 6 minutes and 40 seconds."

After reading this, Light said to himself that it is quite detailed for a prank.

Again after thinking for a few seconds he thought he should at least give it a try. But then he wondered what if it is true, what if someone actually dies will that make me a murderer?

Meanwhile, he heard news on TV where a person held some people hostage, the news channel showed the photo and name of the suspect. Light immediately wrote his name on the Death Note. He waited eagerly for next 40 seconds but nothing happened on news. He said to himself, "well I didn't expect it to work either." He picked up the remote and just as he was about to switch the TV off the news changed, they said all suspects are coming out,

Light was enthralled with it, in a few seconds it was reported that "suspect has been found dead inside", Light was in a shock and thought "could it be a heart attack, no way, it must be a coincidence". He couldn't believe it so he decided to retest it for confirmation. He went out looking for someone, he thought if he has to test it then it should probably be another criminal. He finally found another opportunity and reconfirmed it as another person/ criminal died as well.

At first Light was confused and he thought "I killed two men, those were human lives, it won't be overlooked, besides who am I to pass judgment on others,". Then suddenly it clicked his mind that he can use this power to create a better world by eliminating those who are making other's life difficult. This changed him and within a few days Light enlisted world's top criminals and decided to eliminate them all. I will first list the names of worst criminals, then those who still make trouble for others, so that eventually no one will ever do anything wrong again, the world will be left with only honest, kind and gentle people.



Photo by Joel Muniz on Unsplash



Photo by Anton Danilov on Unsplash



Photo by Lena Rose on Unsplash

- Q. What if you had DN (Death Note)? What would you do?
- Q. What is your opinion about Light? He has decided to rid the criminals so that the world will be left with only honest, kind and gentle people. Do you agree with his actions? Why or why not?



Ethics: Moral principles and values.

Ethics

Ethics are moral principles and values that govern actions and decisions of an individual or group. Sometimes even with rules it becomes difficult to define an action as ethical or non-ethical. Is it alright to cross a red signal at 2am when all other roads seem empty? Many people would say yes, based on their own judgment that since the purpose of signal is to avoid accident, so at a time when there is no chance of anyone getting hurt it is ok to bypass the traffic light. Many situations in businesses raise similar questions for which a definitive answer doesn't seem possible.

Ethical values are based on an individual's own moral standards as well as on the basis of culture. Some people are altruistic by nature, such people are least likely involved into anything even remotely unethical. Cultures also define a lot of what is considered an ethical practice. Copyrights of software and entertainment property are of so much importance internationally that it is considered as 'stealing' if anyone tries to use it without their permission, result can be legal action including fines and jail imprisonment. Nevertheless, using torrents to download entertainment videos as of movies or anime or software is a common. However, these rules are not very strict in subcontinent. For example, pirated CDs containing dozens of software are easily available in markets for mere Rs.50 (less than half dollar). As a matter of fact it is rare to find people who actually buy original digital content.

It is also debatable from which point stealing starts in case of digital items. For example, one person buys a car. He can easily share his car with any of his family members or even give it to a friend. He may even rent it out, but when it comes to a software many companies expect each individual to purchase the software and consider sharing with even family and friends a crime. How strange it might sound, it still does not justify piracy. Many jobs are lost because of illegal downloads.

Sony allowed its PSN (PlayStation Network) users to share their single account with up to five people in PlayStation-3 console. It was largely misused by consumers as they shared passwords and IDs with many friends and bought many expensive games on sharing basis. Thus Sony modified this policy in PS4 by restricting into maximum two users per account.

Ethical behaviour is also influenced by top management and their own moral levels. If employees find higher management

Online Piracy in Numbers.

70%

Online users find **nothing wrong** in online piracy.

67%

of digital piracy sites are **hosted** in North America and Western Europe

22%

of all **global internet** is used for online piracy

42%

of **softwares** running in world are illegally downloaded.

\$2.7

billion (more than 5 arab rupees) in worker's **earnings** are lost each year due to online piracy.

Data source:

☞ <https://brandongaille.com/34-startling-internet-piracy-statistics/>




to be practically very moral and honest, then subordinates also follow higher ethical standards and vice versa.

Moral Philosophies

There are various different rationales or approaches to moral standards such as:

1. **Moral idealism:** In it a person has very high moral standard and obeys it irrespective of consequences. Such people are often *whistleblowers*, those employees who report unethical or illegal acts of their employers/bosses.
2. **Utilitarianism:** Some corporations practice a moral philosophy called *utilitarianism*, according to which if a decision helps majority then it is ethical and if it doesn't then it is unethical. So, if benefit of a decision is more than the cost then it is right and should be taken.
3. **Altruism:** *Altruism* refers to the principle of helping others without expecting any return. Although in marketing and corporate world it is often difficult to find examples of true altruism because many companies do acts of good to get some fame in return.

For example, speaking the truth is ethical and lying is not. Therefore one must avoid deceptive advertising. Nike the world's famous brand of athletic shoes has been attacked by various activist groups since 1970s for its acceptance of sweatshops. Sweatshops are very poor unethical conditions

 **Whistleblower:**
Employees who report unethical or illegal actions of their employers/bosses.

 **Utilitarianism:**
A personal moral philosophy that focuses on "the greatest good for the greatest number" by assessing costs and benefits of consequences of ethical behaviour.

 **Altruism:**
Unconditional devotion to others.

Fuel for Thoughts - Ethics



Gen Z and Gen Alpha are rising with 24/7 connectivity. What do these trends mean for your business and industry? How to utilize these while keeping the ethics in check. As it appears that many brands would simply attempt to make money even if it comes at the cost of moral values. Many internet providers offer packages that start late night, the purpose is to gain more earning but encouraging younger generation to stay up at night, is it wise?

for workers that are either extremely underpaid and/or are working long hours without being compensated at all. Similarly, child labour had also been used by them. Hence, there is a lot of criticism on companies that tolerate such unacceptable working conditions because the money saved helped profit the company. In a May 1998 speech, then-CEO Phil Knight was forced to admit that Nike had "become



synonymous with slave wages, forced overtime and arbitrary abuse."¹ Nike's response seemed to be that they are not responsible since the company itself doesn't manufacture any shoe nor has it in its entire history² instead they only outsource.

Coca-Cola launched Dasani which was simply tap water in a bottle³ but the company never informed or even claimed that it is tap water. People who already had access to tap water purchased it by assuming it to be better and company became richer. Wouldn't such an act be considered deceiving the consumer, many activists thought so and took actions against such companies. Corp Watch is one such group that highlights such issues and brings it to attention of people at large.

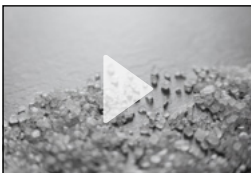
Many newspapers would simply publish any ad for which they have been paid and irrespective of the authenticity of the advertiser. In various local newspapers we can easily find several such misleading ads regarding finding the thief, resolving the issues through some 'special' method.

Is it ethical for a private hospital or educational institute to entertain only that class which have enough cash to pay for their expensive fees and neglect major chunk of population that cannot afford it⁴?

CSR (Corporate Social Responsibility)

Integration of social and environmental concerns in business is called Corporate Social Responsibility. Sometimes criticism by active consumers puts pressure on companies to practice CSR that refers to the ethical principles that a company must practice to ensure that its actions are not hazardous to society or environment.

A social responsibility requires an organization to feel obligated to the rights of customers, shareholders and society; no such product should be made or advertising claim made that is damaging to consumer well-being. Organization does its best effort to ensure that it tries to earn maximum for the shareholders but keeping code of ethics intact. Lastly, organizations care for society as a whole besides looking after company and customers. Some products may not be environment friendly although may be required by customers and even companies may find an opportunity to profit from such products. However, since these products are not



Ad - Shan Purity and Salt

[Shan Foods YouTube page]
<https://www.youtube.com/watch?v=jYKrszbGqgw>

Photo by Castorly Stock from Pexels



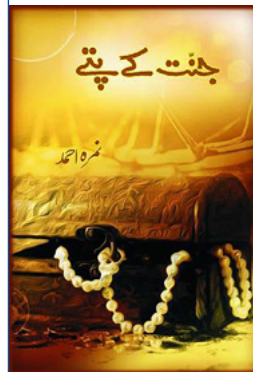
beneficial for society in the long-term, therefore alternates must be looked at. Cars for example, should be quieter so there is no noise pollution but only few manufacturers concentrate on making the cars sound-proof and even they do it only to give benefit to customer but majority ignores the loss of society.

For example, Master's MoltyFoam launched world's first billbeds (billboard + beds) as part of its CSR (Corporate Social Responsibility) campaign. Their promotion of brand is via a billboard that is convertible to bed at night for a lot of homeless people who do not have the comfort of sleeping on a mattress. This is possibly world's first promotion campaign that also provides shelter to the needy⁵.

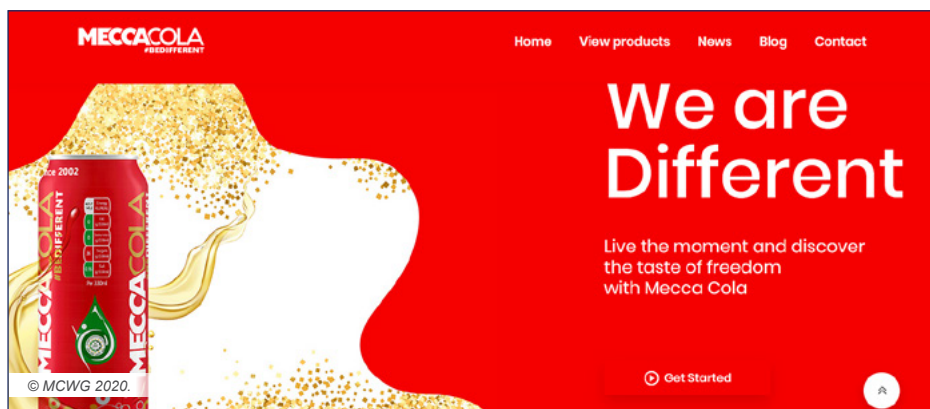
Several brands assist social causes. An interesting example is of launch of Mecca Cola brand. It happened when a French Muslim told his son not to drink Coca-Cola, his son agreed on one condition that an alternate would be provided⁶. This gave that man an idea, thus Mecca-Cola was born in 2002 eventually spreading across several countries and gives a certain percentage of its earnings to social causes.

Pepsi launched a campaign to provide 1 Rupee to help lighten

Recommended Reading
Jannat k Pattay
by Nimra Ahmed



Purchase this novel or borrow it.



up someone's life, upon purchase of every 1.75 litre bottle. They selected Hamza Ali Abbasi, a famous Pakistani actor and director. The campaign was a success and was relaunched after a year in 2016.

WWE has done some charity work and gained positive reput. They have a dedicated website for social works (<https://community.wwe.com/>)⁷ and several of their wrestlers (performers) contribute. John Cena, their famous superstar



WWE has done several community works as well.



© Bjoern Deutschmann / Shutterstock.com

helps the disabled and visits cancer patients.

There was a global social cause campaign named as #IMadeltCampaign the purpose of which was to promote the hard work of skilled labours who are the real spirit behind many successful brands. Zara the CEO of Zara Shahjahan (a local designer brand) decided to be a part of it. This idea came to her by a blog which provoked her⁸. This campaign took pictures of their *karigar* (craftsman) and posted on company's Instagram page⁹.

In Punjab a provincial government body titled Punjab Food Authority (PFA: <http://www.pfa.gop.pk/>) has been working since July 2012 and is responsible for looking after healthy food. They take actions against illegal and adulterated product manufacturers and have sealed many restaurants, bakeries and factories for unhygienic conditions. They also often provide valuable info such as benefits of healthy foods like fruit and vegetables. Similarly, on their Facebook page¹⁰ they also warn of dangers of artificial items such as milk brands, powdered flavoured drinks and sweets. There are certain famous brands that are selling frozen desserts that give false impression of an ice-cream, but most consumers are unaware of it, however PFA shares such info openly.

Most of the ethical issues arise because of a firm's desire to earn more profit. Often ethical decisions pay off in the long run but most humans become impatient, so to earn quickly individuals and managers end up making decisions that are not ethically justified. Although in most cases it is clear what is ethical, however, not always as sometimes it is difficult to decide what is right and what is wrong. For example, many companies pay a fee to the retailer so that their products



would be placed at eye level for consumers to increase the possibility of purchasing that brand. Is it ethical to do so? What about other brands that may not be able to pay this fee but are actually making a better, superior and high-quality product that is beneficial for consumers. A retailer refusing to keep their product is being ethical or not?

Entire activity of business is revolving around getting customers and hence sales and profits, therefore, it makes ethics a challenge for companies as it is easy to be swayed by greed for money at cost of someone else's loss. Processed food that is very convenient and accepted at large by consumers is actually very harmful for them. Tobacco companies and poultry industry are also prime examples of such and raise this ethical question that is it even appropriate to sell a product that is injurious to customer's health?

Even from employee's point of view, people end up developing their own standards of ethics based on what they know and believe in. For example, an employee may use email or printer of the company for own work, sit in company's office, utilize electricity and air-conditioning, even internet to watch entertainment videos. Is all of this ethical?

Training of employees about ethics is becoming increasingly important as it is easy to misuse consumer information. Sometimes employees sell consumer data to other companies. Internet has made data collection and its misuse even easier. For example, once data has been collected by a company, it is quite common for some employees to harass female customers. Such practices are harmful for brands and inappropriate by default.

Many new brands launch to cash on someone else's efforts by using a brand name that resembles an existing one, it is actually a manipulating manoeuvre to attract customers. Deceptive packaging is also used by some companies. For example, snacks require some empty space in packing to avoid damage in transportation, but many snacks manufacturers use very large packet to give the impression of having more content inside, upon opening the packet more than half of it is empty. Promotional tools especially personal selling has various elements relevant to ethics, a salesperson claims about certain attribute that may actually not be present in product is prime example of unethical practice. Advertising is often missing out on drawbacks of the product as companies are shy to tell any such thing that could result in reduced sales.

Marketing to children is another topic for debate. Children are innocent, they would just believe anything they hear or see without considering any possibility of lie or fraud in it as they have not yet developed critical analysis skills. So, to what extent is it right to attempt to target children?

Moral-Test Questions

Questions like these need to be resolved. How can one define what is right and what is wrong?

It must be known about ethics that all rules cannot be covered in written. It is your heart and your conscious that further assists you. However, following four tests can be of assistance in guiding when any such situation arrives:

1. The publicity test



- Just ask yourself, how would I feel if everyone would find out about it?

2. The moral mentor test

- What would the person I admire most do in this situation?
- Would I want him to see me doing this?

3. The transparency test

- Can I give an explanation including honest and transparent account of all my motives that would satisfy a fair judge?

4. Golden rule test

- Am I treating others the way I'd want to be treated?

Source¹¹: Adapted from Exhibit 3.8 p.77 Marketing by Grewal and Levy (2008)

Consumer ethics are also extremely important as a large number of customers are also heavily involved into malpractices that cost the organizations. Meter tempering that costs WAPDA a lot of loss; shoplifting because of which retailers suffer; making false claims of returning goods after using and damaging, or inappropriate warranty claims are just some of the immoral practices by customers, thus damaging companies. In many cases such acts are done because people think that 'everyone is doing it'. So, how can people be guided? Recall that human being is born ignorant and doesn't know a thing. So, primarily without knowledge of revelation it is near impossible to differentiate between right and wrong.

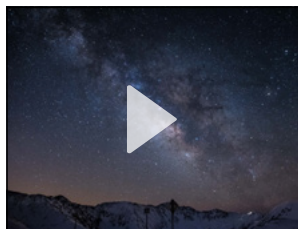
Islam, Haya (modesty) and Marketing


Before proceeding with this portion note the verse, "... Indeed, Allah will not change the condition of a people until they change what is in themselves. ..." [Quran; Surat Ra'ad, ch-13: verse-11]¹². So, unless a receiver isn't willing to understand and doesn't read with open mindedness following information won't benefit.

The Undying One

Allah is our Maker and The Creator of the entire universe. We may have some idea about how great our Rabb is by doing some study on universe, as it is emphasized in almost 1,000 verses of Quran to think. Look around and think critically. Our Earth is so huge that it is near to impossible for a human to visit every city of it. Our Sun is 1.3 million (13 lac) times larger than Earth. There are various stars that are much larger even billions of times bigger than our Sun. Distances between objects in universe are so huge that instead of measuring those in kilometres scientists have to use 'light years'. One light year is distance

that light covers in one year. Since, the speed of light is 3 lac km/second so this distance is roughly 9,500,000,000,000 kilometres (95 kharab km). While we barely use the






Mind blowing!

Earth compared to rest of universe <https://www.youtube.com/watch?v=TXfOzhZGtNw>

Image by SeanMaxwell38 from Pixabay



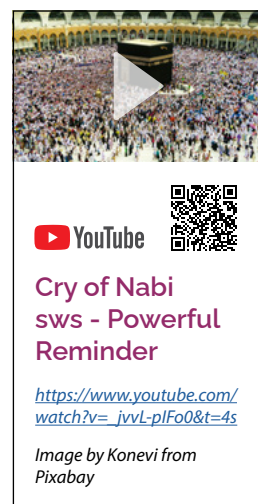
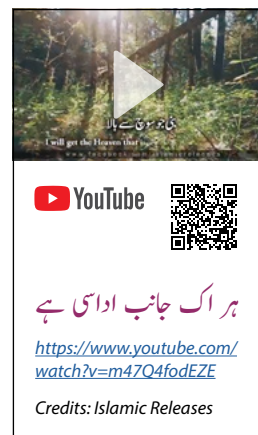


number 'kharab' in our everyday life, what is even more shocking is that our Milky Way Galaxy contains over 100 billion stars and is so huge that if light starts moving along its diameter then at speed of 95 kharab km/year it'll take light more than one lac years to cover it. This is enormous, right? Not really because although it was assumed till beginning of last century that this Milky Way Galaxy is the total universe but then it was discovered that there are billions of other galaxies as well, many larger than our galaxy and each containing billions of stars. Scientists have reached a conclusion that number of stars in universe are more than total grains of sands on entire Earth. The closest galaxy to Milky Way is 2.5 million light years away, in other words even light would take 25,00,000 (25 lac) years to reach from it. Imagine how great is The One who created all of this!

Countless Blessings - Little Do You Remember


Despite the uncountable blessings we receive every single day, we forget most of those easily and are often ungrateful. Earth's stability in this universe, from Oxygen to water, from rivers to food, from our ability to walk to sailing of ships to heeding of our prayers. *"Is there any god associated with Allah? Little do you remember!"* [Quran ch-27: verse-62]¹³


He created us from nothingness, then from earth, then from water, he converted the water to blood, then made bones and meat, then he sent soul in us. He asks us who else could've done all this? He then provided us with entire self-sustaining system, granted us ability to eat and digest, gave us kidneys, granted us heart to circulate blood, developed lungs so we could breath, fashioned our beautiful faces unlike any other creature then he brought us in this world. Upon our birth we were so weak and fragile that he says, you couldn't move, you couldn't speak, you couldn't eat, you couldn't walk, you couldn't even express your wish or need. If you felt hungry, you just started weeping, if you felt ill you started crying, if you felt heat or coldness again you could do nothing but sobbing. In this helplessness it was I who put your love into your parents' heart and they sacrificed everything for you. Your father worked tirelessly earning for you, he remained restless if you were ever ill and took you for medical care whenever it was needed. Your mother worked 24/7 looking after you, she forgot what the term rest or sleep meant in upbringing you. They taught you how to eat, they taught you how to walk and they taught you how to speak. Like this





WHERE ARE YOU GOING?



 YouTube



Where Are You Going?

<https://www.youtube.com/watch?v=e0eygdnlj8w>

Credits: The Right Speaks.
Reprinted with permission.

you grew up with my countless blessings until the time came that now you can walk without support, you can speak, you can eat yourself. All of a sudden you turned against me, you forgot Me? Oh Son of Adam! Oh daughter of Hawwa! What is wrong with you? I am your Benefactor, your Protector, your Guardian, your Friend, your Companion, why would you turn away from me, why? Who deceived you? So return to me, revert and indeed I'm All-Forgiving.

Every single piece of morsel that we take is actually made after hours of labour and sacrifices by a number of different species. A single bread is made from wheat, that is planted several months ago, then looked after, watered, harvested, processed to be converted to flour, finally cooked utilizing several resources along the way. This is eventually eaten within minutes. Similar is the case of any livestock. A chicken or a goat is butchered, its throat is slayed with a sharp knife, it loses its breath and spills blood and endures pain of death. Its skin is removed, body parts cut and eventually the pieces of meat are cooked over burning fire and finally chewed. For what? So, that a man may fulfil his hunger, ... a life being sacrificed to fulfil the need of your one time hunger. Can we be grateful to The One who granted all these blessings to us?

Hazrat Muhammad (Peace Be Upon Him) was His last prophet and gave practical examples of how a human being should live his life.


Ethics are primarily influenced and defined by religion. One of the biggest mega trend is change in religion as in 1990s there were 17% Muslims in the world but as of 2020 around 25%¹⁴ and it is estimated that by 2050 there maybe 30%+ Muslims. The root word of Islam means peace. More recently the world is either becoming highly materialistic or some are becoming spiritual and coming closer to The Maker.

Summary of Islam is in three things only:

1. Supplications (*Ibadaat*): Namaz, fasting, zakat and hajj.
2. Control of tongue (not hurting others; especially parents, also called *haqooq-ul-ibad* i.e. rights of people)
3. Control of gaze (*Haya* that has two sub-parts; dressing modestly by hiding *awrah* and lowering gaze in front of *non-mehram*)

Needs of Mind and Heart

Human mind and heart are two of the most important things that drive humans and this world. So, question is what are



*"Which of the favours
of your Lord will you
deny?"*

- Quran Karreen

[Surat Rehman ch-55: verses 38-77]
Book of The Lord God Himself

their most basic needs? Let's look into both these.

Need of Mind - to think. Human mind cannot restrain itself from thinking. So, if positive content is fed to mind then it'll have a good impact on that individual and hence on others. Otherwise negative content is in abundance out there to take place.


 *Need of Mind: To think.*

Need of Heart - to desire. Heart's ability or function is to love just as of ears is to hear. However, The Creator of heart has made heart for Himself. If people fill it with love of The One then there is peace in their lives but if anything else takes its place such as money/wealth, a non-mehram, a rank/designation etc. then there is restlessness in soul and ache/pain in heart that is why it was said, "every love hurts except Allah's love" - Sheikh Abdul Qadir Jilani (561 Hijri / 1066 CE).

 *Need of Heart: To desire.*

Haya

Haya can loosely be translated in English as modesty, it refers to caring for both physical hijab or modest dressing as well as control in interaction with opposite gender. In magazines targeted towards men, most of the images are of women in advertisements, only few are of males (celebrities etc.), while in magazines that are targeted towards women such as of female apparel and cosmetics etc. very few pictures are of men¹⁵. Why would there be such a huge difference? Answer for it is that it is the most significant gender difference. Two reasons can elaborate it further:

 *Haya (Modesty):*
Having care for both physical and emotional hijab.

1. *Females have more 'haya'.* Allah (سُبْحَانَهُ وَتَعَالَى) placed 'haya' (shyness) in a female. A female is not tempted to look at a man the way a man is tempted to look at her. It is the most important gender difference but at the same time it is also the most ignored one. A fact that should be kept in mind for it explains a lot of what is happening in the world in particularly advertising world.



Image by SamWilliamsPhoto from Pixabay



Woman is different from man as she has haya/shyness and has been created as a symbol of beauty.



"What is poison?"
 "Anything which
 is more than our
 necessity is Poison.
 It may be Power,
 Wealth, Hunger,
 Ego, Greed, Laziness,
 Love, Ambition, Hate
 or anything."

— Mevlana Rumi
 (d. 1273 CE)

facebook

**Like the Following
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 and Share a Few
 Posts**

Ihsan Academy

<https://www.facebook.com/ihsanacademyahore>

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<https://www.facebook.com/islamicreleases>

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<https://www.facebook.com/MajlisEilmii>

<https://www.Facebook.com/inkofscholars>

<https://www.Facebook.com/Darsequran1>

<https://www.Facebook.com/TeenTalkPk>

Spell "NEED"
 backwards...
 Yep! That's all we
 need :)

That is why females are required to cover themselves as it makes their responsibility bigger and men are advised to lower gaze and give respect to women.

2. *Females are created as a symbol of beauty.* Hazrat Ali R.A. said, "Woman is a delicate creature with strong emotions who has been created by the Almighty God to shoulder responsibility for educating society and moving towards perfection. God created woman as symbol of His own beauty and to give solace to her partner and her family." Similarly, greatest scholar of last millennium *Hazrat Mujaddad Alf Sani* (Revivor of second millennium) has also written similar words about women.

This brings us to the issue of using females to sell objects that raises the issue of objectification of women, defined as *"portrayals of women in ways and contexts which suggest that women are objects to be looked at, even touched, or used, anonymous things or commodities perhaps to be purchased, - and once tired of, even discarded, often to be replaced by a newer, younger edition; certainly not treated as full human beings with equal rights and needs."*¹⁶

If you check advertisements of even the most luxury brands from a few decades ago, you would still find some sense of modesty in it. Take a look at the nuns who are covered from head to toe except face and hands. In past too even in immoral eras women would be covered and dressing provocatively was considered unacceptable but it hasn't been the case since last couple of decades as the world seems to be running towards darkness.

These things especially need to be considered by (Muslim) marketers that they should follow Islam while advertising their products. Note the two prominent most differences between humans and animals besides knowledge and ability to learn. One is physical *hijab*, (animals have no sense of dressing) and second is emotional hijab, (animals don't get married). Both these concepts are briefly covered here.

Physical Hijab

Definition of 'nude' or 'nakedness' as given by Oxford Dictionary is "wearing no clothes"¹⁷. So, by one definition from West they do not consider a person naked if there is a single piece of cloth on body. Scandinavian countries find even full nudity non-offensive. As a matter of fact several other countries are now legally allowing full nudity in public

places and don't find anything wrong with it. Just as animals do not wear any clothes so is becoming the case with number of humans. So, much for them! Allah has clarified that prime reason why He sent dress upon us is so that our private parts are covered and secondly it also enhances our outlook [Quran: Surat-ul-A'raf, Ch-7; verse-26]¹⁸. In Victorian Era (just a century ago) even in country like UK women's swimsuits used to be almost fully covered and highly modest.

جس نے سورج کی شعاعوں کو گرفتار کیا
زندگی کی شب تاریک بن کر نہ کیا
نُصیب نے والا ستاروں کی لڑکا ہوں کا
اپنے فکری دنیا میں سن کر نہ کیا

Even a number of Muslims are becoming secular, a philosophy that teaches you to remove religion and god from life. It emphasizes on being generous to others but ignores The One who created us. Atheists are forefathers of seculars. That is why seculars usually have awkward logics incomprehensible by a normal human. A secular at times becomes a nudist as he doesn't use religion as basis to stand on any grounds hence is lost or do other such heinous acts. May Allah (سُبْحَانَهُ) save us all from becoming one of them. Ameen!

Everyone must use their mind to full power with neutral thoughts. A balanced and competent human is the one who treats total success and accomplishments, technological innovations and developments as mere raw material and then uses it to recreate something based on ethics and morality and by being just to all. He doesn't assume that

متوازن فکری رکھنے والا مرد کامل کون؟

”وہ عالمی دماغ، حوصلہ مند انسان، جو مغربی تہذیب اور اس کے تمام نظریات، انکشافات اور قوتوں کے ساتھ خام مال (Raw Material) کا سامنا کرے اور اس سے ایک نئی طاقت اور تہذیب کی عمارت تعمیر کرے، جو ایک طرف ایمان، اخلاق، تقویٰ، رحم دلی اور انصاف پر قائم ہو۔ دوسری طرف اس میں اس کی مخصوص ذہانت، قوت، ایجاد اور جدت فکر جلوہ گر ہو، وہ مغربی تہذیب کو اس نظر سے نہ دیکھے کہ وہ تکمیل و ترقی کے آخری مراحل سے گزر چکی ہے اور اس پر آخری مہر لگ چکی ہے اور اب اس میں کسی ترمیم و اضافہ کی گنجائش نہیں ہے اور اس کو جوں کا توں اس کے سارے عیوب کے ساتھ قبول کرنے کے سوا کوئی چارہ کار نہیں ہے بلکہ وہ اس پر علیحدہ علیحدہ اجزاء کی حیثیت سے نظر ڈالے، جس چیز کو چاہے رد کرے اور جس چیز کو چاہے اختیار کرے، اور پھر اس سے زندگی کا ایک ایسا ڈھانچہ تیار کرے جو اس کے مقاصد، اس کے عقیدہ، اس کے مبادی اور اصول و اخلاق کے ساتھ ہم آہنگ ہو۔“

مسلم ممالک میں اسلامیت اور مغربیت کی کشمکش (مصنف: سید ابوالحسن ندوی)

the culture of west should be accepted as it is with all of its weaknesses, instead he discards what he deems unnecessary and rebuilds it in his own image.

Hence, Islam on the other hand has much more modesty and gives the concept of '*awrah*' meaning certain body parts must be covered in front of other humans.. Similarly, some

 **Physical Hijab /**

Awrah: Body parts that must be kept covered as required by The God Himself.



countries in the name of free speech, think it is their right to insult and disrespect other's emotions. Being freed from knowledge of *wahi* (revelation) is resulting in this type of freedom. Actually, slavery to God is true freedom, subjugation to religion is true liberation, that is the fundamental fact of this universe.

Awrah/satar (covering) of a man: *Awrah* means 'to hide' (or weakness), in Persian and Urdu it is called *satar*. It also refers to body parts that should be hidden in front of others. A man is required to hide his body from naval to knees in presence of anyone and also in prayer. Example, wearing baggy jeans that would reveal body below waist length or shorts that do not cover knees or tight pants through which shape of body is visible are also not allowed.

This also brings implications for Muslim marketers who would promote such shorts as sports dress or such jeans. Instead fully covered dresses should be manufactured and marketed.

Levels of a female's *awrah* (*satar*): The word *aurat* (meaning female) has been derived from *awrah* (meaning to conceal/hide); according to one of the sayings all of the female is *awrah* so she is asked to cover herself in full just excluding eyes, hands and feet in front of *non-mehram*. *Non-mehram* or *ghair-mehram* are those people with whom marriage is possible; those close family members with whom marriage is forbidden are called *mehram* e.g. father, brother etc.). However, depending on where a female is she has been given a lot of freedom to dress, it can broadly be clipped into four levels as given in this Table 10.1:

Level	Name/Cover	Implication	Explanation
1 نقاب	Niqab/Jilbab (big shawl): All body except eyes, hands and feet is to be covered	In front of <i>non-mehram</i> . Face covering is proven by all of <i>sahabiyaat</i> and <i>tabiyyaat</i> .	Considered <i>farz</i> (mandatory) and is written in all major exegesis (<i>tafaseer</i>) ever written in <i>tafsir</i> (explanation) of Surat Noor's verse number 31 ¹⁹ . Also agreed by majority of scholars including all four schools of thoughts i.e. Sha'fi, Hanbali, Maliki and Hanafi.
2 حجاب	Hijab : All body except face, hands and feet is to be concealed	In prayers; once in front of potential spouse; old women above 55 may opt for this in front of <i>non-mehram</i> ; it is also in front of <i>non-mehram</i> living in same house	Complete covering of hair is considered mandatory by all scholars (also non-controversial level in front of <i>non-mehram</i>); loose dressing is also required as wearing scarf/hijab above jeans or leggings fails the purpose
3 دوپٹہ	Dupatta : Hijab level preferred but wrists, hair, neck and ankles can be revealed	In front of <i>mehram</i> family members (as father, brother, son etc.) or other females	In general maximum covering even in front of <i>mehram</i> relatives is recommended but selected parts maybe uncovered especially in front of other females.
4	Zero : Covering advised but no lower limit	In front of husband; in other emergency cases as of child-birth or accident etc.	<i>Awrah</i> should be covered at all times although revealing it isn't forbidden in this relationship or emergency

➤ Table 10.1 Levels of a Female's *Awrah*.

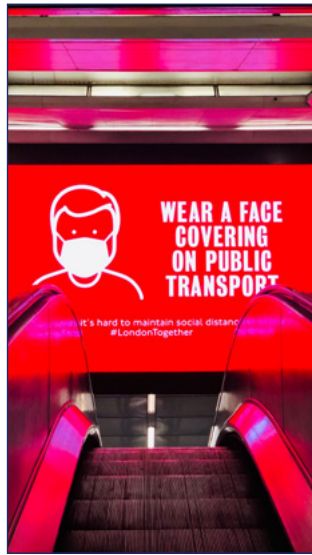
When it comes to exposure in front of *non-mehram* most religious people (Jews,



Christian nuns, Muslim women etc.) would be comfortable with only the second level. Rest of the people usually do not have any supporting rationale for staying at the one they would opt for, after all what difference does a mere 1-inch of extra exposure makes, right? Their continuous agreement to this would most likely leave them without any ground to stand on. That is why some people have started thinking that even wearing clothes is not a need. When a human leaves the guiding light of the knowledge from The All-Knowing then he ends up losing his/her sanity. Some marketers try to cash this gender difference of *haya* and use females' body for selling of products, thus using her as an object to make money and spread immodesty. For example, several masculine products as body-sprays, shavers or sports-cars that are not even designed for women but still female models are shown in such ads.


“*You can never be overdressed or overeducated.*”
 - Oscar Wilde
 Irish poet and playwright
 (d. 1900 CE)

One of the names of Allah (سُبْحَانَهُ وَتَعَالَى) is Al-Batin (The Hidden One) that is why none can see Him and even in after-life only selected few shall reach that level who'll have the highest honour i.e. to see Him. Similarly females are advised to hide their beauty and cover properly by taking scarf/hijab (to conceal hair) and preferably *abaya*. *Abaya* is recommended although instead of it they can also opt for long kurta till ankles usually called 'floor length kurta'. Remember as an Irish philosopher said, "*you can never be overdressed or overdressed*". May Allah (سُبْحَانَهُ وَتَعَالَى) grant us all an understanding of *haya* and give us istaqamat (steadfastness) over His deen. Ameen!



Game played by God is strange, while some countries started banning the niqab (face-covering) and said that it is dangerous for public security, those very countries made face-mask mandatory for public safety after COVID-19. Karma!

Photo by Étienne Godiard on Unsplash




YouTube

Why Niqab?

Concise advice:

<https://www.youtube.com/watch?v=GcCcXAmWr9c>

Photo by في عين الله on Unsplash






Emotional Hijab:

Keeping a certain gap with opposite gender in conversation and interaction.



How to Deal with Opposite Gender?

Nice advice by Noman Ali Khan:

https://www.youtube.com/watch?v=KUh_6xSveMQ

Photo by mostafa meraji on Unsplash



"[Good women] don't take secret friends [lovers]."

- Quran Kareem

[Surat-un-Nisa 4: Verse 25]

Emotional Hijab

Dressing is not the only thing that is required rather keeping a gap with opposite gender in interaction is also important called as '*emotional hijab*'. Here are a few things for maintenance of modesty e.g. following has to be cared for in front of non-mehram

1. **Lowering gaze / Keep eyes down:** It is for both men and women as mentioned in Quran in Surat-al-Nur; ch-24, verse-30 for men. In next verse women are also told to lower gaze and cover themselves.
2. Not using perfume.
3. No unnecessary talk or jokes: Only to the point conversation.
4. A physical gap of minimum 1 to 1.5 foot as there are many *ahadees* where gap is emphasized.

A large number of females even from showbiz world end up quitting when they come to know about these guidelines as sadly most of that glamour world doesn't entertain covering.

Implications for Muslim Marketers

Since, humans have been created to worship and this *ummah* has been created so we may invite others towards Him. In this regard Quran also promises penalties for those who do the reverse as it is said, "*Indeed, those who like that immorality should be spread [or publicized] among those who have believed will have a painful punishment in this world and the Hereafter. And Allah knows and you do not know.*" (Surat Noor, ch-24: verse-19)²⁰

A marketer can and should benefit from this information in many ways.

1. A marketer can save himself from many sins by not spreading immodesty and using only right ways of marketing. That is why countries like Iran and KSA usually do not allow any brand to go below level-2 (*hijab*). For example, in order to promote a female's shampoo brand, its advertisement would show only a female in *hijab* and she would praise the shampoo; in another cut-scene, computer-generated hair would be shown.
2. It is also worth noting for females apparel/garments brands any type of dress maybe sold as long as the target market is right and females are not used in ads,

only the dressing should be (used in ads). Example, is of a Pakistani brand J. that avoids immodesty in its advertisement.



© A S Q / Shutterstock.com



J. brand named from famous ex-singer Junaid Jamshed, avoids using female photography in any form of promotion.

Halal Form of Emotional Hijab

Getting back to the difference between need and want, it is to be reminded that needs cannot be created, only wants maybe influenced. All of the needs have been created by The Lord Himself. Hence, for all needs related to love, belongingness, intimacy there is a legal method that He has provided and it is called *Nikah*. It is also the most important decision of a person's life as you decide to choose someone with whom you intend to spend all eternity with. In marketing terms consider it the highest involvement speciality good.

Even choosing a friend should be taken as a speciality good although most people think it is a convenience good. Hence, choosing your spouse (your best friend) is like choosing Heaven or Hell. However, first step in this regard is focusing on being a good person.

Secondly, it is advised by Islam for us to choose a person who is deeply interested in *deen* and is in love with Allah (سُبْحَانَهُ وَتَعَالَى) because a child's first role

”

"Do not love the one who doesn't love Allah, if they can leave Allah they will leave you."

- Imam Shafi
(d. 820 CE)



While culture and families also influence, however, friends have most impact on a person's lifestyle and decision making. Choose your friends carefully as they say, "a man is known by the company he keeps".

Majlis-e-Ilmi Society. Reprinted with permission

Son: Dad! How much does a marriage cost?

Dad: I don't know son. I'm still paying!

models are his parents. Then other things for compatibility should also be looked at.

Moreover, the difference between engagement and *nikah* should also be kept in mind for a fiancé/fiancée (the one with whom you are engaged) is a *non-mehram* and gap should be maintained. However, *Nikah* makes them a couple and hence they become spouses.



"ANYTHING YOU SPEND ON YOUR FAMILY WILL BE
A SOURCE OF REWARD FROM THE GOD,
EVEN A MORSEL OF FOOD WHICH YOU RAISE TO YOUR WIFE'S MOUTH."

SAH AHMAD RASHED - PEACE BE UPON HIM -
THE LAST PROPHET OF ISLAM



Credits: Nayzak from DeviantArt.

HELPFUL TIPS

Tip for Keeping Modesty

As long as one remains unmarried there is a lot of extra time and it should be utilized towards positive stuff. It is preferred by Islam that people should try to fast on every Monday and Thursday. Similarly, fasting on only three days, 13, 14 and 15th of a lunar month rewards fasting for whole month. Besides, Holy Prophet ﷺ has advised bachelors to get married if they can afford a wife, as it helps in protecting his modesty. But as long as they do not become financially strong then they should fast abundantly as remaining hungry is very helpful in fighting sins (Hadees <https://sunnah.com/bukhari/67/4>). Unmarried people in particular may want to opt for it.

Chapter 10 **Epilogue**

KEY-TERMS



Ethics: Moral principles and values. (p-324)

Whistleblower: Employees who report unethical or illegal actions of their employers/bosses. (p-325)

Utilitarianism: A personal moral philosophy that focuses on "the greatest good for the greatest number" by assessing costs and benefits of consequences of ethical behaviour. (p-325)

Altruism: Unconditional devotion to others. (p-325)

Need of Mind: To think. (p-333)

Need of Heart: To desire. (p-333)

Haya (Modesty): Having care for both physical and emotional hijab. (p-333)

Physical Hijab / Awrah: Body parts that must be kept covered as required by The God Himself. (p-335)

Emotional Hijab: Keeping a certain gap with opposite gender in conversation and interaction. (p-338)

Scavenger Hunt - Physical & Emotional Hijab

Marks: 15

Time: 2 hours

----- PHYSICAL HIJAB -----

1. Islamic Dress Code (article) [5-7 min. reading time] ----- (2-slides; 2-marks)

Link: www.newmuslims.com/lessons/135/

- What is meant by *awrah*? What is the meaning of *mahram*?
- What is a man's dress code?

2. Niqab in the Light of Quran, Hadees & Opinion of Great Scholars --- (3-slides; 3-marks)

<http://ibnfarooq.tripod.com/nikaab.htm>

- Share what Quran says in Surat Ahzaab verse-59 as explained in *tafseer* of Al-Qurtabi.
- Read the first two *ahadees* of *Sahih Bukhari* given at above link and share its explanation.
- Quote (briefly) any two scholars and elaborate what is your understanding from this whole article?

3. Awrah Levels (pic) ----- (2-slides; 2-marks)

Share Level of *Awrah* sheet given at: <https://islamicworksheets.wordpress.com/2016/04/06/awrah-chart/>

- Elaborate this chart by explaining what is along x-axis and y-axis?
- How can we increase females of our nation (our daughters, sisters etc.) on this?

4. Power (video) ----- (1-slide; 1-mark)

Add a snapshot of your favourite scene (still picture) from this video and briefly explain why you like it:

www.youtube.com/watch?v=GcCcXAmWr9c [2 min.]

Or

Power of Hijab: https://www.youtube.com/watch?v=3HUI8m6_-tQ [3 min. 27 sec.]

- What do you understand by the 'power of hijab' as explained by Maulana Tariq Jameel?



EMOTIONAL HIJAB

5. Limitations of Online Interaction (article) [5-7 min. reading time] ----- (2-slides; 2-marks)

Check the following link: <https://islamqa.org/shafii/qibla-shafii/33045>

- What is meant by cyber khalwa as mentioned in this link? Elaborate.
- What does Islam say about it? Is it permissible or not and why?

6. How to deal with Opposite Gender? (video) [5 min. 42 sec.] ----- (2-slides; 2-marks)

https://www.youtube.com/watch?v=KUH_6xSveMQ

- Share any two to three good points that you've learnt from this video? (especially with reference to *tafseer* of Surat Noor as mentioned by speaker Noman Ali Khan)

7. Implications of Emotional Hijab (group discussion) ----- (3-slides; 3-marks)

Many companies and brands nowadays use advertisement that doesn't take into account any type of gender difference, similarly universities in this era are offering co-education without any guidance about the knowledge of Quran and *hadees* on emotional *hijab*. So, brainstorm with your colleagues and share what actions can be taken to guide the next generation to maintain gap with opposite gender?

Optional (+1 bonus point; 1-slide):

Share the best quote / learning you had from this activity on social media and insert a snapshot of it in your slides :)

Dressing – Modesty vs. Vulgarity!

How much exposure is too much?

Marks: 10

Time: 45 minutes max.

Disney is one of the top 100 brands of the world. However, there has been criticism on it: e.g. "What's Wrong With Cinderella?" was published by Peggy Orenstein on December 24, 2006 in which effects of Cinderella character and especially merchandise on younger girls were addressed. Some people have objected to the type of dresses that its characters wear and say that these are not appropriate. *"I am not sure I want to support a company that produces racism, sexism, violence and many other politically incorrect issues...The negativity in these movies may outweigh the positive aspects of the films. Perhaps the most offensive and ignorant part of any movie is simply the size and body image of Ariel in 'The Little Mermaid'."* Writes Rachel (one mother) in her blog: (<http://wemediacritics.blogspot.com/2010/03/disney-movies.html>).

What kind of dress do you think every female in the world should wear? Think of the most influential female in your life? Perhaps your mother or sister or daughter. What kind of dress is it that if she would wear while going out of home, that would make you feel uncomfortable?

- She is fully covered except for eyes, hands and feet i.e. wearing Niqab.
- She is in hijab i.e. covering her body up to hair and wrists; no part except face, hands and feet is visible.
- She is dressed modestly with a dupatta on her head etc. but only little part of her hair is visible and/or she is wearing half-sleeve.
- Her head is uncovered and/or she is wearing sleeve-less and/or short jeans.

Q1. ----- (1 mark)

- In Quran certain relatives of opposite gender are termed as *mehram* while all others as *non-mehram* (or *ghair-mehram*), explain the meaning of this/these terms? [1-2 sentence(s)]
- Root word of *aurat* (meaning female) is *awrah*, what does *awrah* mean?

Q2. ----- (4 mark)

Physical *hijab*: What are the **levels of a female's awrah**? Elaborate. [5-6 sentences]

Q3. ----- (2 mark)

What if your mother, sister or daughter opts for immodest dress as shorts-jeans; how would you convince



her to change herself? [2-3 sentences]

Q4. ----- (2 mark)

Why is it that in men's magazines there are 95% pictures of females in advertisements while in females magazines less than 1% of men? [2 sentences]

Q5. ----- (1 mark)

Most marketers are addicted to using female imagery for sales of their products, suggest how should a Muslim marketer promote. [2 sentences]

Hint: All answers of this CA are available in chapter (rewrite using own words).

Marketers and Haya (Modesty)

Marks: 10

Approx. time required: 2-3 hours

Islam is a complete code of life and has guidelines for all aspects of life including business and marketing. In recent years there has been a drought of *haya* (modesty) with the world rapidly rushing towards vulgarity and impiety. This assignment focuses on it, awareness of which is important to save a society from spread of immodesty.

Q1. True Love vs. False love: ----- (300+ words) (5 mark)

We often find ads that show relationship with opposite gender as a norm while it is true that 'love' is strongest human emotion but Islam has guided us the difference between right and wrong. Go through the following article: www.zaynabacademy.org/romance-in-islam/

Or

www.piouscouple.com/distinguishing-false-love-from-true-love-2/ Summarize it.

Q2. Guiding the Youth in Quitting False Love: ----- (150+ words) (3 mark)

Nowadays a number of youth are involved in false love, it might be your younger sibling, cousin or even a colleague. Learn a few tips so that you may advise them to quit:

<http://www.piouscouple.com/6-ways-to-say-bye-bye-to-a-haraam-relationship>

Q3. Implications for Muslim Marketers: ----- (150+ words) (2 mark)

PEMRA: Pakistan Electronic Media Regulatory Authority (<http://pemra.gov.pk/>) is Pakistan's official body that has a rules & regulations about advertising etc. and is supposed to control immodesty. It is said in Quran "Indeed, those who like that immorality should be spread [or publicized] among those who have believed will have a painful punishment in this world and the Hereafter. And Allah knows and you do not know." (Surat Noor, ch-24: verse-19). But we see that most marketers do not take any precaution in this regard and we see Pakistani ads that rip both aspects of hijab. In light of all that you've read above what can you suggest types of ads they should make?

Learning Outcomes: We as Muslims are cut-off from our religion and haya. This assignment attempts to be a wake-up call and also introduces to PEMRA.

Chapter-11

Research

- 1 Research
- 2 Primary and Secondary Data
- 3 Research Process
- 4 Other Research Considerations

Learning Objectives

After reading this chapter you should be able to:

- Understand what is research
- Understand various primary and secondary data collection methods
- Learn the steps of marketing research process



- Ralph Waldo Emerson (d. 1882)
American lecturer, poet and essayist



*"There is no knowledge
that is not power"*



Watch Lecture Video in Urdu (اردو)

<https://youtu.be/CbxQQ1yBwsu> [28min.]

Opening Scenario:

The Otaku Gamers and Board Games

1st of February 2020, three years had passed since launch of Otaku Gamers and CEO Usman was looking out of his home's window in USA, wondering what the future holds for his business. He had not received enough sales since the start of business. He reflected back to events leading to initiation of this business, it was when



Train Photo by Dave Photoz on Unsplash

he turned thirty and wondered if he should continue with his life in employment or not. Although, he had managed to accomplish a lot but what was there in future. Being an MS in Computer Sciences from LUMS, he was working at one of world's top IT corporations. He was where he wanted, but other than work there were times when he was regaled in company of his friends, since he came abroad he was introduced by his friends to a whole new world of board games. He also got to a website <https://www.boardgamegeek.com/> where he would search for different games and even get to know about their ratings etc. He even bought a few games for his brothers in Pakistan and had an amusing experience playing with them as he taught them various new ones. However, he realized

that there was almost no website or shop offering board games in Pakistan. Only a handful of websites were offering limited number of games and at high prices. He wanted others to experience the joy of human company in this digital era where every other person is stuck to a screen. So, his entrepreneurial mind thought what if he himself could somehow import games in Pakistan.

With this idea, there were various questions in his mind, the biggest one is there really any market of it in Pakistan? Majority of people don't even know names of top ranking board games let alone would've played those. Who would be interested in buying such expensive products when people don't have time? The need for entertainment appears to be filled conveniently with large number of mobile games, console games, viewing sports, watching TV shows, movies and so on. People would buy a game of PS4 or XboxOne for Rs.7,000 but trend for spending so much on board games wasn't there. Some shops as Al-Balagh had some Islamic Board games as well such as 'Quran Challenge Game', 'Hadith Quest', '5 Pillars', 'Salat Knowledge Game', however, their popularity was also in doubt especially in Pakistan just like most other board games. Many board games were also available as apps but it pretty much failed the purpose of a board game.

There were also issues mainly with delivery plan. He could easily purchase from a store in US or even order via Amazon but how would he get his games to Pakistan? Should he go for some courier as DHL but those were way too expensive. He needed to register an import company. Besides, should he store inventory at home? Or should he buy upon receiving order? For both consumers as well as him



Scrabble Image by Hans Braxmeier from Pkabay



Image by Erika Wittleb from Pixabay

there were a few websites offering delivery via Amazon, but each requiring 3 to 4 weeks of time plus very high prices based on product weight, such as

ShopHive <http://www.shophive.com/more/extras/board-games>

ShoppingBag (Pak) <http://www.shoppingbag.pk/>

PkShip <https://www.pkship.com/>

Ludo, Monopoly and Chess were known by some but masses of Pakistan was unaware of large number of board games being developed every year. Besides, these 'dice' games have more luck based elements while there are those that are more strategic and intellectual like CodeNames, Splendor and especially Power Grid a 6-player game teaching economizing resources and strategizing to win. Such games are typically called German-Style board games or Euro Board games too where every player is involved till the end of game.

"Do you remember the days when people could sit together, chat, smile and laugh for hours without worry of being distracted by a phone-ring? ... without being bothered by need to look at a screen?"



Image by dograapps from Pixabay

As he shared with his brothers, idea of launching this business he was encouraged though warned about the smallness of market. For example, one of his elder brothers Bilal shared that nowadays there is "lack of family time syndrome." Most family members especially parents and elders say that kids only play on mobiles but these board games can bring family together, besides these games are fun to play as well. Kids find peace in fact that they are playing games and having a good time, parents/elders feel good that its brain teasing games as well as family is together and having some time to chit-chat as well. Bilal also played a couple of games with his office colleagues to make them know about various board games and have their interests develop, and come out of traditional games like Ludo. His colleagues enjoyed even simple games like Carcassonne, Jenga, and Exploding Kittens.

His other brother suggested that in order to be cost effective, perhaps he should directly contact publishers for wholesale prices that he otherwise gets from retailers. Alternately, obtain copyrights as getting those published locally would obviously be a lot cheaper. Another option would be to design games but that was not an easy task and would take the business from simple retail to developer level.

Eventually he thought he should give it a try with minimum investment, so if the business runs successfully he would proceed. Thus was born "The Otaku Gamers". Being a CS student himself he developed website with the title theotakugamers.pk, created Facebook page [web.Facebook.com/TheOtakuGamerspks](https://www.facebook.com/TheOtakuGamerspks) and launched on 1st Feb (coinciding with World Hijab Day), offering 15% discount for first 10 customers. Initially, he just purchased a few games, then expanded his collection to increase possibility of sales for any type of game. Usman suggested sharing of games with stickers or written website name on it and lending it to friends who want to try with their friends/family/cousins. He also wondered if getting some MoUs signed with universities and colleges etc. is a good idea. After all as they say "all work and no play makes Jack a dull boy".

Perhaps even launching 'board game cafe/lounge' where people would come to play at a cost. Winner might be paid a certain amount. Someone had opened

Pi Social - a board gaming cafe in Karachi (and it has gained over 8k likes in just 2-weeks of launch in Feb 2017) but there appeared to be none in Lahore.

Case has been written with approval from Otaku Gamers.

Q. See how many different types of target markets can be created for 'Otaku Gamers'? Provide profile (details) of each segment and how can board-games be promoted to each.

e.g. university going students, families, professional gamers

Q. How can you use guerrilla marketing (innovative but low-cost) to promote board games? How can people be introduced and promoted benefits of board games over other forms of entertainment? Generate as many practical ideas as you can in reaching people.

Q. What type of research tools would yield more valuable data from potential customers before launch of business, interviews or questionnaires?

Q. How can Otaku Gamers expand their business?

Q. Analyse the environment with a short PEST; What Political/ Regulatory factors are playing role in board-gaming e.g. import seems difficult. See the combination of Economic and Social factors influencing people's interest. How many Technological factors have some role on Board Games?

Q. Play two or three new games and share your experience, how will you use WOM to influence your circle (friends & family). Watch at least two of the following videos to learn how to play:

Code Names	[8-player]	5min	www.youtube.com/watch?v=sy0AnMDcap0
Telestrations	[8-player]	2min	www.youtube.com/watch?v=UqWPLlwqMs0
Jenga	[8-player]	2min	www.youtube.com/watch?v=RtGYWqx_MYI
Timeline	[8-player]	2min	www.youtube.com/watch?v=UCe7ySOq4A0
No Thanks	[7-player]	2min	www.youtube.com/watch?v=ghbdR7Jg6z0
Apples to Apples	[8-player]	2min	www.youtube.com/watch?v=4fgCEMFsf_Q
Dixit	[6-player]	2min	https://www.youtube.com/watch?v=Qi4MoW6NuaQ
King of Tokyo	[6-player]	3min	www.youtube.com/watch?v=RWYGIpf6IzE
Exploding Kittens	[5-player]	2min	www.youtube.com/watch?v=IRqgNld3hj0
Splendor	[4-player]	3min	www.youtube.com/watch?v=2A0CQ0xsrv0

Research



Research: It is a systematic investigation into and study of materials and sources in order to establish facts and reach new conclusions.



Marketing

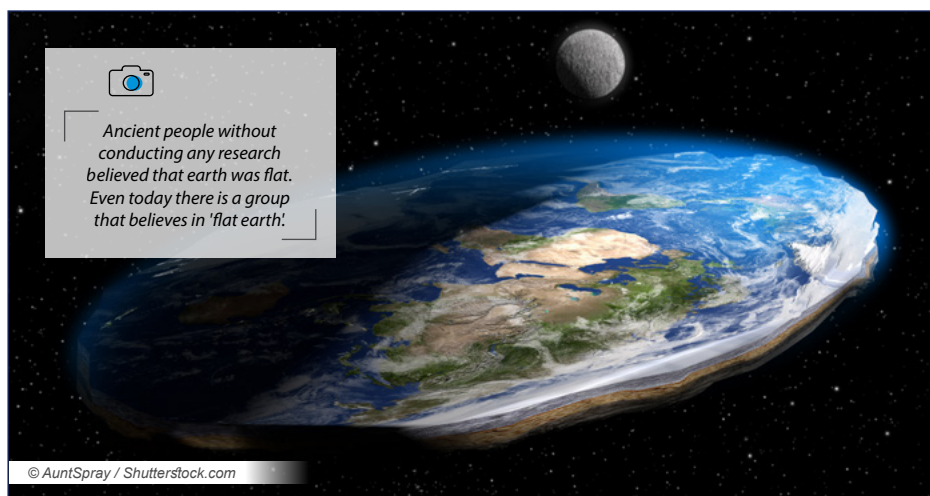
Research: Function that links the customer and public to marketer through information. It is systematic gathering and analysis of data relevant to a specific marketing situation.

Research is a systematic investigation into and study of materials and sources in order to establish facts and reach new conclusions. Hence, it is an organized way of examining things that help in knowledge creation or discovery. **Marketing research** is the function that links the customer and public to marketer through information. It is systematic gathering and analysis of data relevant to a specific marketing situation. There are many approaches to carrying out research, sometimes marketing team itself conducts it or companies have dedicated departments such as R&D (Research and Development). Some companies outsource it to a marketing research company such as AC Nielsen or Aftab Associates. For example, Ford uses Brand Intel for marketing research.


In ancient times, people assumed that the world is flat and if you go to its edge you would fall down through gravity and hence would be falling down for rest of eternity or till death. So, mariners would be scared of going far from land in fear of being lost. As a result they would not discover new lands. Similarly, companies also are lost when they do not conduct research and cannot discover evolving consumer trends. In particular, nowadays as technology is improving rapidly and total lives of products (product life cycles) are shrinking, it is becoming even more important to research. For example, Unilever launched small sachets of shampoos in various markets of the world for low-income consumer. Similarly, bread companies have launched small SKU of just 3-4 pieces for Rs.30 that have been made for such customers



Ancient people without conducting any research believed that earth was flat. Even today there is a group that believes in 'flat earth'.



© AuntSpray / Shutterstock.com



who live on daily wages and cannot afford a Rs.130 bread. In entertainment world short videos and films are becoming common because most people nowadays do not have enough time.

Blackberry was once leader of smart-phones but from 2008 to 2012 it lost its position as it didn't conduct any research to know updated consumer trends and hence eventually fell from top ranks in mobile phone industry. One of the primary reasons of its failure was also that it targeted only the business customer and ignored that consumers would be driving the mobile phone industry and not the businesses. Secondly, it also ignored that apps and touch-screen were overtaking keyboard usage in mobiles. Thirdly, it also didn't notice that mobile phones were also being used for gaming and not just for communication¹. Actually, it was a complete misread of consumers, something that should never be done. Updated data of consumers and their changing interests should always be known so that relevant decisions are made and such products are developed that are needed by the consumers.

Research is needed even before a product is manufactured. As a matter of fact it is required throughout the life of product as well. Besides, products are not the only beneficiary of research but pricing decisions, advertising campaigns, possible market segments, distribution arrangements, positioning and many other areas may have questions that can be answered by the help of research. Marketing research maybe done for a variety of reasons such as for knowing top of mind brand recall. A company may ask potential target market to name a brand that come to their mind when a product category is spoken. For example, you hear the word tooth-paste, which brand first comes to your mind? Was it Colgate or Medicam or some other brand? Whichever brand's name you thought of first simply shows that it is your top of mind, and if many customers name a particular brand then it is what the company is looking for.

Research helps reduce uncertainty because environment is ever changing so a good research helps the managers stay updated and knowledgeable which can help them decide when next decision about any of 4Ps has to be taken. For example, laptop manufacturers are continuously refining laptops every year, sometimes changes are minor and sometimes major. Research is beneficial not only for companies but even for not-for-profit companies.

This chapter helps understand the processes of research

”[Marketing] is the whole business seen from the point of view of its final results, that is, from customer's point of view.”

- Drucker (d. 2005)

Austrian born US consultant
and author.

and its benefits for corporations and consumers. Challenge in research is correct identification of problem or issue, gathering relevant data and finally utilizing that raw data into meaningful information for decision makers. Marketing research is a key prerequisite to successful decision making.

Research and 4Ps: Marketing research impacts whole company including 4Ps.

Product: Through research a company gets to know what types of products are to be developed. For example, in TVs

not long ago Cathode Ray Tube (CRT) technology was common in homes but the evolution of technology brought LCDs and increasing HD resolution to 8k. Further evolution of Augmented Reality and Virtual Reality experiences are also replacing traditional TVs.



Research has changed the shape of TV from CRT to LCDs to ever increasing resolution and now technology has introduced AR/VR.

Image by Wren Handman from Pixabay



Price: How much difference will be brought in sales upon price changes? Such a question cannot be answered without collection of facts and data that is done via research. Bringing a price change before knowing the impact may damage the company sales or brand repute.

Place: Distribution channels are also changing. At times companies have option of utilizing retailers or selling directly to consumers or use both, but sometimes using both result in conflict from retailers who are not happy with company's direct approach to selling customers. In opting for selection of a channel it is best to know the consumer preference and all pros and cons of each distribution approach, perhaps also by conducting interviews with retailers.

Promotion: Among various promotion options from TV commercials to print ads, from radio advertising to banner ads

CONCEPT TEST

In the absence of company problems, is there any reason to develop a marketing research team/system? Why or why not?

Discussion: Better Research

Critique the following and suggest better alternatives

- A supermarket was interested in determining its image. It dropped a short questionnaire into the grocery bag of each customer before putting in the groceries.
- To assess the extent of its trade area, a shopping mall stationed interviewers in the parking lot every Monday and Friday evening.
- To assess the popularity of a new book, a major publisher invited people to call a 111 number and vote yes, they loved it, or no, they didn't like it. Each caller was charged Rs.5

on internet, social networking sites to blogs and video sites companies have more choices than ever before. However, how much money should be spent on each? Which one of these is the easiest way to reach target market? Questions like these are answerable through research.

Data

Data is raw and basic form of knowledge. Data itself is of barely any worth but combined with other data and after processing it becomes information. *Information* is a combination of data that has knowledge relevant to the decision.

Example, suppose it is discovered that 80% of customers who buy eggs also buy bread. Now, how beneficial this data can be and for how many companies. By getting more data about total shops offering either of two products, it could become 'information'. This then might help an egg supplier expand its distribution to every bread retailer to help the customers buy both items from one place, more sales of retailer and in turn his own increasing profits. Similar benefits can be reaped by a bread supplier. This information is also beneficial for a retailer and that is why most shops have eggs and bread and very few would have one and not the other.

 *Data: Facts and statistics.*


 *Information: Data presented in a useful way.*

Primary and Secondary Data

There are two broad ways of data collection. One is first hand data collection or in other words the one done by the company or researchers themselves. It is called as *primary data*. Second approach is to get data from any of the existing resources that has already been collected by some other company or agency, called as *secondary data*.

If some info is already available in magazines or free online resources, it may not be wise to spend resources trying to collect exact same data. For example, lots of demographic

 *Primary Data: Data that is newly collected for the project (specific market research problem) at hand.*

 *Secondary Data: Information that already exists somewhere, having been collected for another purpose.*

data is available on Pakistan Economic Survey every year. If statistics as age, population distribution, income or education are required then it can be obtained with minimum time and effort from it. There is no point in attempting to collect it via own research.

Secondary data however, has limitations for instance it is not possible to add any question into an already conducted research. Primary data collection allows the researcher to ask new question on spot to explore consumer trends or product usage patterns. In practice some experts prefer combining both primary and secondary data sources to consolidate their research and findings.

Secondary Data Sources

Marketing research companies like The Nielsen Company (previously known as AC Nielsen) have a lot of information on its site, updated trends are often available. For example, according to their 2016 report young consumers aged 18-34 have only 31% TV viewing as compared to older ages of 50+ among whom 56% do so³.

Sometimes required data might be available within company, in different departments, for it no external source might be needed. For example, many companies keep record of all consumer purchases. A lot of information also be found by other companies serving the same product. For some companies however, the term competitor is very

sensitive. For example, P&G and Unilever the two FMCG giants have a lot of competition on various products at same level. As a result they are sensitive about sharing of data in any form to the point that even if one person is an employee of one company then he may not stay with an employee of their competitor.

A female would visit Khaadi for shopping and next day she would receive promotional SMS from another clothing brand. Data at times are shared or even sold to target potential customers.

Most info might be available on internet, but authenticity of source must be checked. KSE (Karachi Stock Exchange), Pakistan Bureau of Statistics (<http://www.pbs.gov.pk/>), SMEDA (www.smeda.org), WDI (World Development Indicators: <https://data.worldbank.org/products/wdi>) are also examples of sources

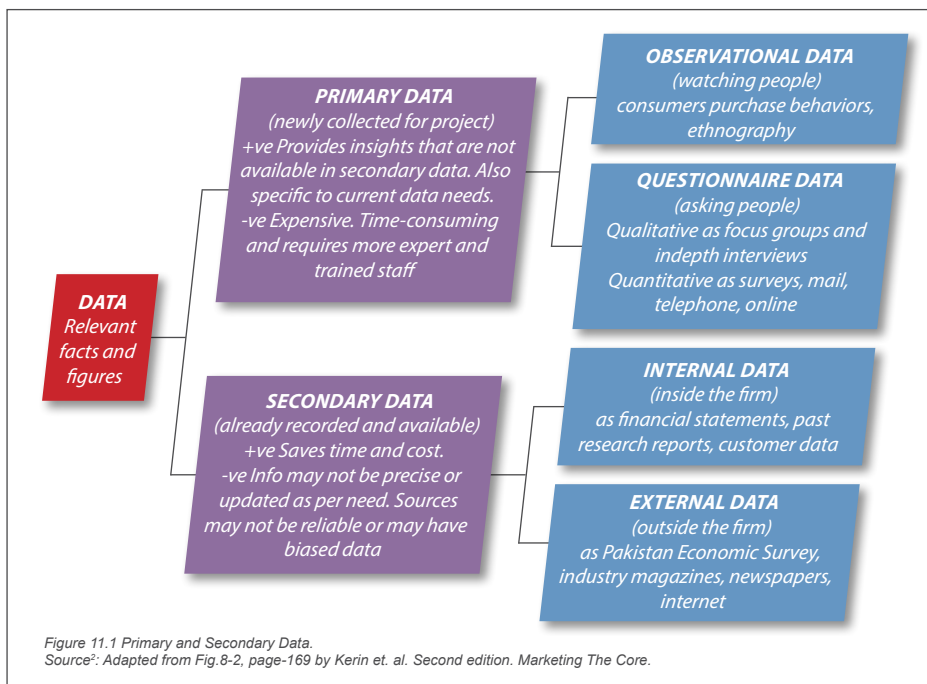
that may provide value-able insights. Aurora publishes reports about advertising spending across various platforms.

Moreover at times so much information is available that it is possible for a researcher to drown in it, hence be lost and find it difficult to extract necessary data.

Primary and secondary data sources are summarized in Figure 11.1.

CONCEPT TEST

When researching customer needs, would it be better for a product designer to visit customers personally or to read a survey research report on customer needs and behaviours? What biases are inherent in each approach that might lead to misunderstanding consumer behaviour? Why is secondary data sometimes preferred to primary data?



Primary Data Research Approaches

1. Observational Research (Watching People)

It is data collection by simply observing action of people. It is done usually without interacting with the person as the benefit of it is that data is collected in a natural environment. People may not behave normally as they may become conscious when they know that they are being monitored, especially for research purposes. This method can obtain info that people are unable or unwilling to provide. However, it may be very time consuming as there is usually no limit to how many people need to be observed and for how long. On the other hand it may also be very simple as counting the total number of cars arriving at the shopping mall.



Observation research requires reading people instead of conducting survey.

Image by Peggy und Marco Lachmann-Anke from Pixabay

Limitations: Although observational research helps in knowing how people buy but it often fails to explain why people buy as it is not possible to know people's feelings and thoughts merely by observing. Hence, for it questionnaires are developed and asked.

Mystery Shoppers: Many companies hire people as mystery shoppers. The job of a mystery shopper is to use company's product and service as a consumer and provide his/her analysis and feedback on it. For example, a hotel may ask mystery shopper to stay in one of the rooms and evaluate the service. A gasoline (petrol pump) provider has a list of fifteen points that have to be evaluated by this professional spy (their paid mystery shopper) including if the filler (the guy filling the petrol) showed the customer that the metre is set to 'zero' at start and total petrol transferred at end, if he placed the cap on top of



car or at side, if the nozzle touched the car or was it delicately placed in right spot, if while taking it out any drop of petrol fell on car/bike. Purpose of this activity is to ensure that their employees are providing the level of service a customer should get. Besides it helps in getting such findings that are not obtainable otherwise. Based on this data new products are developed, new rules set and trainings done of employees to give better consumer experience.

Mechanical Instruments: There are various mechanical instruments that are utilized by marketers for data collection. These are usually faster than manual methods and also often reveal info that may not be possible manually. Some of these instruments are checkout scanner, people's metre, digital marketing tools, neuromarketing.

Checkout scanners are helpful as these record total purchases of customers in a retail outlet.

TV viewing habits are collected via '*people's metre*'. It lets the company know which channels were viewed and for how long, thus total channel's market share is known. Based on this data advertising rates are adjusted. If a program is unable to attract sufficient viewership then advertisers may be unwilling to pay for it as their concern is the size of viewership. As a result sometimes the program time has to be changed or in some cases even the program itself has to be cancelled.

Digital marketing includes measures to check internet traffic. How many people log on to a website, for how long do they stay, which ads did they hovered their mouse on and how many actual 'clicks' were made. Digital marketing companies offer these services on basis of fees but also warranty certain reach.

Neuromarketing is a technique that measures brain activity of a person when exposed to a particular stimulant to understand how they feel about the product, packaging or advertising. Example, Unilever conducted research about an ad of its brand Vim and found that although when asked verbally, consumers' response was fine but the results of neuromarketing showed that many people had negative feelings towards it. One reason behind it is that people mostly find it difficult to express negativity on face, usually in fear of argumentation.

Ethnographic Research: It is a type of observation research that tries to record how a consumer uses products and brands in their own habitat. It involves sending trained observers to watch and interact with consumers in their natural environment. Marketers have borrowed ideas and techniques from other fields as sociology and tailored it to their requirements in this ethnographic research.

Example: Nokia's 1200 series was launched for rural areas having multiple 'phone books' as the company discovered via ethnography that one mobile phone was used by many households, thus each individual needed to have his/her separate contacts list.

Limitation: Although ethnographic research is highly beneficial and provides very rich insights into consumer lives because of its nature of being so close to them, nevertheless its limitation is that it can't grasp what people can't imagine.

2. Questionnaire/Survey Research (Asking People)

Questionnaire is the most widely used research method as data collection is usually faster especially through online questionnaires even results are compiled instantaneously. Its limitations may be that people can't answer what they can't recall or may respond for the sake of it.

A very critical thing in research is asking the right questions the right way. If the question is not asked using solid clear words then the whole research activity would end up revealing illogical results and thus wrong decisions. Following are a few

Customer Insights - Latest Trends

Visit Nielsen website and check their latest insights: <http://www.nielsen.com/us/en/insights/reports.html>

Key Ethnographic

Research: A form of observational research that involves sending trained observers to watch and interact with consumers in their "natural environments".

Key Questionnaires:

Facts and figures obtained by asking people about their behaviours.

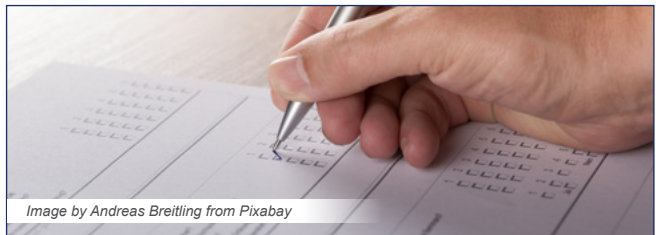


Image by Andreas Breittling from Pixabay

types of problem questions:

Leading question: A question that is already pushing the respondent towards a certain response. For example, Volvo is the safest car, right? This question is pressurizing the respondent to say yes.

Ambiguous question: That may reveal different answers. For example, are you a strong supporter of Pakistan's cricket team? Now, almost every Pakistani would say yes, but then ask them how many matches do they watch? One strong supporter might watch every match and another may watch only on special occasions such as during world cups. The word 'strong' is ambiguous and open to interpretation in different ways by different people. A person saying he/she slept late last night, might have slept at any time between 9pm to 5am. Late has to be defined.

Double-barreled question: It means asking two questions in a single sentence. The issue is that obviously the answer given by customer won't clarify which question they are responding to. For example, 'Do you eat My Burger and find it of high quality?' Now, if the response is 'yes', to which question is the respondent saying yes to, about eating at My Burger or about considering it of high quality? It would be better to convert such a double-barreled question into two separate questions.

Discussion: Objectionable Questions

A new hired researcher might be asking questions that may not be deemed ideal. Take a look at following questions, suggest improvements in those that have any flaw.

- What is your salary?
- Are you strong or weak supporter of ...? (ambiguous question)
- Do your children behave well at ...?
- What are most salient (or best) attributes in ... [brand]?
- Volvo is the safest car on road, right? (leading question)
- Do you want to do masters and PhD? (two questions in one)

Open and close-ended questionnaires: There are various data collection methods and most of these include a questionnaire. There are one of two types of questions. One is *open-ended* meaning a question is asked and participant may respond by writing anything. It is good for exploratory research. Second, is a *close-ended* questionnaire that has choices and options given to respondents so it is easier for them to check their choice. Also, data collected is easier to be interpreted. Close ended questions may be dichotomous (have only two choices such as yes/no), MCQs (Multiple Choice Questions) that have three or more options as in some exams of universities. It may also be on a Likert scale having two extremes with various options as strongly agree to strongly disagree and having some choices in between. Similarly, importance (very important to least) and rating (excellent to poor) may also be asked in these questionnaires.

Telephone interviews: Relatively uncommon in Pakistan but are also a valid tool for research. These help save time and cost that is required for personal interviews. However, give some flexibility as compared to mail survey.

Mail surveys: Sending questionnaires via postal mail used to be a common method before internet but it has lowest response rate and is now rapidly being replaced by online surveys due to their convenience and low-cost.

Focus Group

Much like surveys another way of undertaking consumer research that is more common is *focus group*, it involves selection of six to twelve people, who are usually stranger to each other before this session. They are invited for a one to two hour session on a topic such as product usage or purchase behaviour. This is a group discussion. Besides there is often a moderator (an expert at conversation and group facilitation) who conducts the session by introducing the topic and helps in keeping the discussion on topic at hand. A comment by one person may help ignite thought process of one of the other participants that may share it.

Focus groups are valuable in providing lots of insights in short amount of time and at low-cost as well. Information obtained helps design remaining research such as formulating a questionnaire.

Digital/Online Data Collection Techniques

Are Twitter and Facebook good tools for research? Twitter being a 'microblogging' service allows people to post a 140 character instant message called 'tweets'. Although it is primarily for consumers but corporations are also discovering ways to cash on it. Similarly, a large number of brands have begun to appear on Facebook for promotional purposes and now for data collection too. NVivo is a software for analysis of qualitative research. Interview scripts can be uploaded on it then through analysis it may help explain which words were most used by participants in a 'word cloud' and similarly various another analysis can be run. It also links with Facebook for data collection. SurveyMonkey is a growing brand for conducting online research with a freemium model i.e. some of the basic services with limited



Focus Group:

A way of undertaking consumer research that involves selection of about six to twelve people for a group discussion on selected topic provided to them. It helps in getting response that may be applicable on larger population too.

CONCEPT TEST

- Why a company might want to do **focus group** interviews rather than individual interviews with the same target group?



Survey Monkey is a growing brand for conducting online research with freemium model.



© Postmodern Studio / Shutterstock.com

questions are for free but advanced features and larger samples are by payment.

Online marketing research is fast and low-cost; especially good for quantitative but it is also used for qualitative as **online focus groups** that may be conducted live or even spread on days to allow participants to respond at times of their convenience.

Survey tools along with their attributes are given in Table 11.1.

	Mail	Telephone	Personal	Online
Flexibility	Poor	Good	Excellent	Good
Quantity of data collected	Poor	Fair	Excellent	Poor
Control of interviewer effects	Excellent	Fair	Poor	Fair
Speed of data collection	Poor	Excellent	Good	Excellent
Response rate	Poor	Fair	Good	Poor
Cost	Good	Fair	Poor	Excellent

➤ Table 11.1 Comparison of Survey Tools



Personal Interviews:

One on one interactions between a respondent and a researcher to gather the data.

Personal interviews: It provides in-depth information through a detailed discussion with one person by an expert. Such interview can be helpful in knowing various facts that may not be possible through a pre-written questionnaire. It may be the most expensive method as each interview lasts a long time and training of the interviewer is extremely important, nevertheless it provides quality data especially regarding consumer's habit, lifestyle, time spending patterns and thought processes. The goal is to deeply explore the respondent's views, feelings and opinions. It helps in gaining initial info that can be used to develop solid surveys.

Method of this interview includes taking recording and then documenting it verbatim (word by word). In other words entire script is transcribed and then the expert reads it and tries to uncover possible motivations. Often repeat interview is also needed with same individual to have accurate understanding.

Process: Questions in interviews are always open ended as the respondent won't be saying just yes or no but has to provide details. Secondly, questionnaire is less structured as

Play a board game as Exploding Kittens and see how much you learn about human interaction and psychology.

many questions are drawn from the interviewee's responses, so these are not rigid but flexible. It is quite conversational but interviewer is more of a listener and tries to learn and understand, he/she shouldn't pretend to be dominating or bossy. He has to be very skilled and should be able to listen, understand and ask all at the same time. In *qualitative research* interviewer is the most important research tool. During interview an interviewer also takes notes called as 'field notes' for initial writing. Observation is also very critical. It must be noticed that during explanation when was the interviewee hesitant, or shy, or smiled or felt angry. Even gestures and expressions are to be noticed as these could have meanings beyond words. Interviewer should also record his/her own views and feelings after the interview.

Conducting interviews of community leaders might help getting more info as they are usually in touch with people and may have better understanding of needs of masses.



Qualitative

Research: Getting open-ended responses obtained from interviews, focus groups and observation studies that have depth of response and richness of description.



Image by neo tam from Pixabay



Personal interviews are an excellent resource to gather qualitative data, but are time consuming and require a competent interviewer with good interpersonal skills.

Research Process

Research is beneficial, however before initiating *research process* it is very important to know what shall be the use of data or information that would be collected. What is it to be used for? What decision is to be made so that relevant information is collected? It is also important to know whether management (especially the key users as marketing manager and CEO) is willing to act on the basis of research results or not? Because research requires a lot of time and is also a costly process. Unless the results of research won't influence the decision making it might not be wise to go for it.

Research is done in steps that may vary slightly depending on the problem at hand and approach of the researchers, but



Research Process:

Organizing research into various steps starting from problem identification.

overall following five steps are there as shown in Figure 11.2.



Step-1: Defining the Problem

Finding the problem is half of the solution. It is the most critical step in all of the research. A properly elaborated problem assists the entire research process especially the type of information and data that is to be gathered. A researcher needs to explore thoroughly to find the problem. An example of iceberg helps understand that only a fraction of iceberg is visible above water but it is usually much larger in reality as its most part is not visible. Managers usually only see above the surface as they are mentally occupied with various other tasks and responsibilities so it is researcher's job to go deep and discover the actual problem.



My car doesn't like vanilla ice-cream: Can you imagine that it could be a complain? You read it right, this is a real case as US based General Motors received a second email from a customer who had recently purchased a car. He claimed that despite how crazy it may sound but whenever their family buys a vanilla flavoured ice-cream the car doesn't start but whenever they go for any other flavour then no issue is there in restarting. GM President was sceptical but he still sent his team of engineers to look into it. When those engineers reached, they also found the same results. They went next day and found that car had no issues in restarting upon a different flavour. They started taking detailed notes of each and every element to discover the root cause. Finally, it was found that company had vanilla upfront because of which vanilla was served in lesser time as compared to other flavours. Car had an issue in its engine that it wouldn't restart if ignited within certain time-frame and would restart if some gap was given. So, the issue was not with the flavour of ice-cream, instead in the time gap after switching off and reigniting⁴. See, sometimes finding the problem could be so difficult.

Listing objectives: Once a problem is identified then the researcher has to enlist the objectives that have to be met in research. These objectives guide the remaining research steps. Poorly defined objectives would end up wasting organizational time and resources. Occasionally objective is to define the problem but most of the times it is solving the problem. Researchers should not mix the symptoms and problems as these are very different. For example, a company had market share dropped. Is this a problem or a symptom? It is not a problem as the company might be saying that we have a problem, our sales are falling. For a researcher it is a symptom. Actual problem might be that company may have increased prices and as a result consumers may have opted for substitute products and as a result company had fall of sales and market share.

Step-2: Exploratory Research

Exploratory research is type of research that seeks to cover ideas and insights. It is sometimes done after 'development of research proposal' (step-3) and at data collection stage but at times it is also done before the 'research proposal' and hence is used to help formulate and construct a more comprehensive proposal as it is used to gather preliminary information to help define the problem and suggest



A car wouldn't ignite after owner's purchased vanilla ice-cream? Defining the problem is most critical step of research.



Image by Anthony Cheung from Pixabay



hypotheses.

During exploratory research one should be concerned about mistakes of omission and admission. If important information is omitted such as an important question isn't asked to the customers then resulting data gathered would fail to provide required answer. On the other hand, if extra questions are added then it may consume lots of time unnecessarily as sample size would be larger for no reason that would cost resources.

An additional advantage of having exploratory research is that researcher gets to know the type of respondent that would be a part of full survey. Exploratory research is often done through interviews and these personal interviews help in knowing target customers, their mind-sets, lifestyles and so on.

Step-3: Developing Research Proposal (plan/design)

A research proposal explains what the research will do, how much time and cost is expected to be incurred on it. It must be ensured that the study will measure exactly what is required to be measured. That is why a research proposal must be written. It is best that if research is being conducted for a client then they should also read and verify it. There should not be any vagueness, otherwise after research final results may also be unclear.

Research design may include the details of type of research, sample size and hypothesis to be tested. A hypothesis is a tentative assumption to be tested by research. It is an alternate way of putting the research problem. For example, a hypothesis can be that Ultrabooks (Intel's slim laptops) are primarily used by businessmen and sales people. Researcher would then conduct research to unveil types of consumers that use Ultrabooks and see if the expected results are matched in findings.

Types of research: Usually depending on the problem at hand a researcher may opt for one of the three research types. Besides each type can be called one of two methods 'qualitative' and 'quantitative'. As evident from names qualitative focuses on quality data that is subjective, usually involving interviews. On the other hand *quantitative research* collects data in numbers, mainly through a questionnaire.

i. *Exploratory research* (qualitative): It helps discover, part



Quantitative

Research: Research that collects information using mostly a structured format that is easy to analyse and interpret.

of it is often also done before this step-3 as explained.

- ii. *Descriptive research* (qualitative or quantitative): *Descriptive research* is research that studies how often something occurs or what, if any, relationship exists between two variables⁵. Hence, it is used to better describe marketing problems, situations or markets. It is mostly used for product-usage and customer-satisfaction. So, questions often involve consumer demographics, their media habits, lifestyle etc. It tries to answer who, what, when, where and how.
- iii. *Causal research* (quantitative): *Causal research* helps in understanding cause-and-effect relationships. Such as increased cost in distribution to five more cities and its impact on increase in sales. Test marketing is also part of it.



Descriptive

Research: Describes a population, situation or phenomenon that is being studied.



Causal Research:

Research that looks for cause-and-effect relationships.

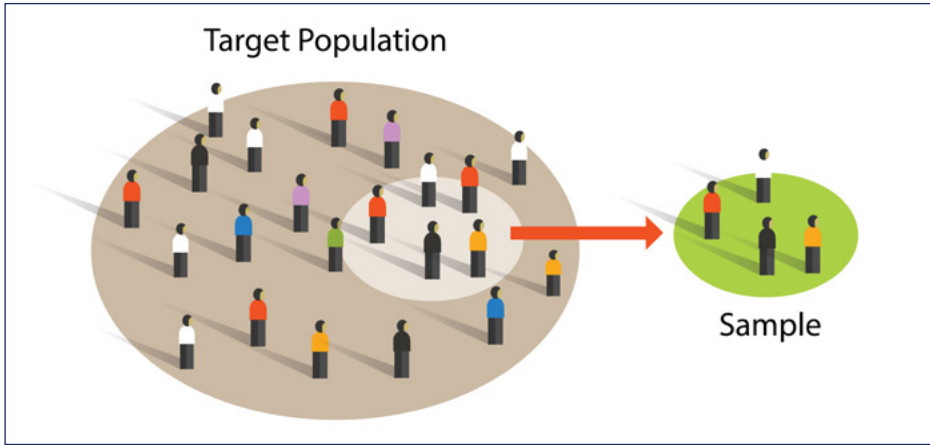
Tapal, famous tea-brand of Pakistan considered launching hard-pack in Punjab. Since, it was a new SKU (Stock Keeping Unit), they also needed to know if the cost of installing a new packing plant would be offset by sales of this particular new packing units sales. Their research revealed so and then they actually went for it.



Image credit: Tapal Tea. Reprinted with permission.

Sampling Plan

A company wants to conduct research on consumers asking about their upcoming product. Suppose that this company's target market is 20% of Pakistan, now imagine getting questionnaires filled from 4 crore people, guess the amount of time, effort and money that it will consume. So, what is the



solution to this complex problem? Researchers pick up a 'sample' that is representative of 'population' or target market of the company. This is very small in size but results from surveying these are generalizable to entire population. Important questions in it are:

- Who is to be surveyed?
- Sample size?
- Sampling types: Probability and non-probability sampling. In probability sampling, selection chance of each respondent is known while in non-probability sampling it is not possible to know chances of each person. Both these sampling types also have further sub-types that may be checked in research books.

Step-4: Collecting Data

Since this is a time consuming activity so for it most companies usually just hire people but it is often difficult to motivate the data collection staff. They may not be very well trained or competent and hence their collection approach may influence the final collection and findings.

Step-5: Analysis and Reporting

Last step in research process is analysis of data and then reporting the findings to managers or those who had allocated the task of research. Analysis usually requires application of certain statistical tools to make meaning out of conducted research, accepting or rejecting the hypothesis. Sometimes it is as simple as finding the percentages of either customers or market shares and making pie-charts of it, thus entire research is at times depicted in just one or two diagrams which is easily interpretable. Final step for researcher is to report the results, analysis and recommendations. One should be careful while interpreting and reporting research findings researcher or manager should not be biased.

There may be various issues during research such as problems of language, culture, secondary data availability etc. Also, implementing research plan is often more difficult than just formulating it in written form.

Other Research Considerations

*"There is a lot of information but marketers need better info; and how to make better use of info"*⁶. For example, Metro etc. have data of thousands of products but how much of it can actually help them.

Computer Technology in Marketing Research

Marketing Information System (MkIS) is a planned computer-based system that helps provide continuous flow of information to the decision makers to their areas of responsibility. It often consists of three broad areas, one is assessing the information needs, second is developing needed information and finally helping decision makers use the information for customer.

MkIS is mostly of benefit to large companies because information can be distorted or lost in it as it is dispersed so widely. Even a simple MkIS system can help in decision making to any size of firm. For example, a small retailer of electronics at Hall Road can collect data of his customers and make three categories of them on basis of repeat purchasers in high, medium and low and exert his selling efforts accordingly. Good MkIS balances what users would *like* to have against what they really *need* and what is *feasible* to offer.

Research has in particular been very helpful in medical fields in helping understand causes of various diseases, methods to cure them and developing new instruments that are more user friendly, such as thermometers and to measure level of sugar etc.



Chapter 11 **Epilogue**

KEY-TERMS



Research: It is a systematic investigation into and study of materials and sources in order to establish facts and reach new conclusions. (p-350)

Marketing Research: Function that links the customer and public to marketer through information. It is systematic gathering and analysis of data relevant to a specific marketing situation. (p-350)

Data: Facts and statistics. (p-353)

Information: Data presented in a useful way. (p-353)

Primary Data: Data that is newly collected for the project (specific market research problem) at hand. (p-353)

Secondary Data: Information that already exists somewhere, having been collected for another purpose. (p-353)

Ethnographic Research: A form of observational research that involves sending trained observers to watch and interact with consumers in their "natural environments". (p-357)

Questionnaires: Facts and figures obtained by asking people about their behaviours. (p-357)

Personal Interviews: One on one interactions between a respondent and a researcher to gather the data. (p-360)

Qualitative Research: Getting open-ended responses obtained from interviews, focus groups and observation studies that have depth of response and richness of description. (p-361)

Focus Group: A way of undertaking consumer research that involves selection of about six to twelve people for a group discussion on selected topic provided to them. It helps in getting response that may be applicable on larger population too. (p-359)

Research Process: Organizing research into various steps starting from problem identification. (p-361)

Quantitative Research: Research that collects information using mostly a structured format that is easy to analyse and interpret. (p-364)

Descriptive Research: Describes a population, situation or phenomenon that is being studied. (p-365)

Causal Research: Research that looks for cause-and-effect relationships. (p-365)

In-Depth Interview of Consumer

Know that conducting a good interview is a skill that can be learnt. You are required to interview a young consumer. So, list down a few questions that you think you would like to ask. These must have details about the person's life story, lifestyle (AIO), time spending patterns, online activities etc. Once you have written some questions take a look at following for ideas.

Sample questions:

Tell us about yourself (from birth to schooling, to any change in residential areas).

What are your life goals? Kindly share list of your targets?

Your personality, strengths and weaknesses?

Where do you see yourself 5-years later?

Your siblings and your rank? Where are your parents and currently what are they doing? How much time do you give to your parents? When was the last time you gifted something to them?

Time-style / Life-style

How do you mostly spend your free time? What is it that you did on last weekend/holidays? Is it in accordance with your life goals?

What are your plans for next vacations (summer/winter) etc.?

What is your biggest accomplishment in life? What shall it be in next 10-years?

Now conduct an interview and take field-notes. (Ideally audio-recording should also be done and later on 'transcribed' for analysis.) Report your findings, especially mention on which occasion you shifted from main questions to extra ones based on interviewer's response.

Transcription

For hints and guide about 'transcription' and 'coding' feel free to read from any source or check at least the following two videos: 6 tips for analysing interview www.youtube.com/watch?v=1OGhiXKX-o [4m]

What is a code? www.youtube.com [3m]

Ideally whole interview is to be transcribed, you can only opt for about 300-400 words of transcription from any part of the interview. It may be computer typed (recommended) but you can also write it by hand. Clearly mention from which starting minute you've transcribed e.g. from 18min to 20min of the audio file. Also, the questions (as asked by you, must be in a separate line in 'bold' in the transcript). Then highlight/underline the similar concepts/ideas in the interview and label those (called 'coding').

Ensure the following:

- quality of 'transcription', it must be verbatim (word-by-word)
- quality of 'coding', as many relevant themes/codes as you can find AND
- your analysis, what you found, learnt or discovered from the interview/coding) [write this part at the end of your transcript under the heading of 'analysis']

SPSS

Various videos are available on YouTube to learn it e.g. try watching first two videos of it:

https://www.youtube.com/playlist?list=PLVl_iGT5ZuRkk2d-kePUmIHd5pmOuquN

For 'Entry of a Questionnaire in SPSS': https://www.youtube.com/watch?v=Kp_js1i6xwE&list

Task-1: Add the following questionnaire in SPSS:

Questionnaire

4. What is the usual time for you to go to bed at night?

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. Money is a symbol of success	1	2	3	4	5
2. Money is root of all evil	1	2	3	4	5
3. Having more money is great	1	2	3	4	5

a) I'm on bed mostly by 10:00pm

c) Usually between 12 to 2am

b) I usually sleep between 10-12pm

d) Often after 2:00am

5. What is your height? _____ (in inches)
6. What is your weight? _____ (in pounds)
7. Age? _____
8. Gender: a) Male b) Female

Task-2: Ideally a large data should be gathered but for the sake of learning have 10-12 entries.

Task-3: Now run the following analysis:

1. Find 'mean', 'median' and 'mode' of 'Q4' from your data and explain what this data is saying.
2. Find SD and 'range' of height and share what does it mean?
3. Create 'histogram' of 'age' and elaborate this shape.
4. Develop a 'scatter plot' between 'weight' and 'height' and tell what it shows.

Literature Review

Marks: 10

Approx. time required: 2 hours

Go to <https://www.emerald.com/insight/>, <https://www.jstor.org/>, PubMed for Medical articles (<https://www.ncbi.nlm.nih.gov/pubmed>) and/or <https://scholar.google.com/> and find 'journal articles' (that contain research) from your own area of interest. Abstracts of articles are available. Read as many as you like to till you find a topic that appeals you.

Summarize or reword the abstract of any three articles of your choice [150+ words each]- 450+ words.

- a. Insert snapshot of each article's title as showing up online or front page view.
- b. Provide online link to each article.
- c. Give APA reference (author name, year, journal etc.) of each article.

Ontology and Research Paradigms

Following video provides a very concise description of these complex terminologies in mere 3-minutes, watch it.

Ontology, Epistemology and Paradigms (**Positivism, Constructivism & Pragmatism**)

https://www.youtube.com/watch?v=hkcgGU7L_zU [3m]

Also, browse other sources, online or books etc. and elaborate each of the following in your own words:

- a. Ontology
- b. Epistemology
- c. Positivism (or a bit evolved post-positivism)
- d. Constructivism (a similar version is interpretivism)
- e. Pragmatism

Your net write-up must exceed 400+ words, an average of about 50 to 100 words each concept.

A good explanation of research paradigms is in Creswell's book "Research Design". Just check its chapter-1 for a reasonable elaboration of postpositivism, constructivism and pragmatism.

Research Topic, Zotero and APA

Q1: Research Topic

If you are given an option to work on any topic of your choice then which topic will you choose? Download complete pdf files of at least **FIVE** articles of your own interest. Read abstract and the last section that

usually contains conclusion and further research areas. Just share in one line each why you like this article and might be interested in researching on this topic. At the end of each sentence provide APA style of reference of each relevant article e.g. (Ali, 2020). Also, add picture of each article's first page and provide web link of each.

Q2: Zotero and APA References

Go through this video: www.youtube.com/watch?v=HwCL3qozuB4 [16m]

Download and install [zotero.org](https://www.zotero.org) and share a picture of Zotero's library after downloading above five to ten articles for your research topic.

In the end add your 'References' in with complete article detail in APA format. E.g.

Alternately participants may also opt for 'EndNote' software for referencing, that is also similar to Zotero.

Q3: Research Type

Even in above topics broadly speaking participants may be doing one of the following:

Option-1. A literature review [It won't require any practical research but it will be a lot of reading and writing] Each participant will end up writing about 3,000 to 4,000 words with roughly 10 to 20 references.

OR

Option-2. A qualitative research Each individual will write about 1,500 to 2,000 words but will be conducting 2 interviews and provide participants for focus group, requiring video recording and at least audio recording of all would be mandatory.

Option-3. Any other approach such as quantitative research may also be considered.

Which of the three options would you be interested in and why? [100+ words]

Q4: Publication Target (Optional)

Would you like to try getting a publication? [Hint: It is beneficial for those seeking a career in education or research, as well as for getting admissions in MS and PhD etc.]

If yes, then target an international journal of Scopus level (any of 40,000+ journals) or one of Pakistan's HEC recognized. www.hec.gov.pk/english/services/faculty/journals/Pages/default.aspx

Interview of Marketing Manager

Marks: 10

Approx. time required: 2-3 hours

Conduct an interview with a marketing manager or a CEO and ask him questions for your own learning, such as:

- Q. Kindly introduce your company, when was it established and how far has it reached?
- Q. What are key marketing challenges that you face? What are the marketing relevant decisions that you have to make?
- Q. What is your target market? Which need your product fulfils?
- Q. What is the state of marketing research in your company? Is there a department?
- Q. What is your company's uniqueness compared to others offering similar products?
- Q. What is the impact or usage of internet for marketing activities?

Research Insights

Marks: 10

Approx. time required: 2 hours

Go to website of Nielsen and browse any two articles/reports of your choice and interpret and share your understanding of those. [200+ words each]

<http://www.nielsen.com/us/en/insights/reports.html>

Chapter-12

Strategy & Globalization

- 1 Strategies and Tactics
- 2 Analysing Business
- 3 The Global Marketplace

Learning Objectives

After reading this chapter you should be able to:

- Differentiate between strategy and tactic
- Apply various portfolio analysis such as BCG Matrix, SWOT and Ansoff
- Know aboutt various global market entry options



- John F. Kennedy (d. 1963)
Ex United States President



"Those who look only to the past or present are certain to miss the future."



Watch Lecture Video in Urdu (اردو)

<https://youtu.be/6LNlvFKd8kA> [23min.]



Opening Scenario:

Aviation Industry

Brief history of aviation: Humanity may have dreamt of flying since watching birds but it took several centuries of attempts and efforts



Airbus Image by WikimediaImages from Pixabay

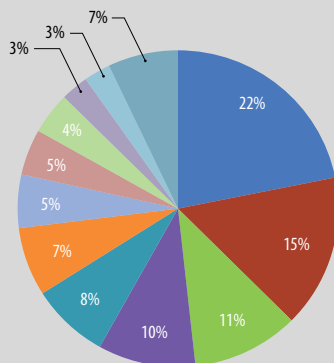
before man could be in air safely. Leonardo Da Vinci, history's famous artist designed what may be considered as first draft of an aircraft in 15th century. Many people made some sort of planes in 18th century but mostly control was an issue. Wright brother's 1903 flight gained fame because of combination of power and control. Their flight also sparked an interest among various other people to come up with better and better aircrafts, thus grew aviation industry with first commercial flight in 1914.

Pakistan started aviation just two months after its establishment. To date it has open sky policy, however, mostly foreign brands are

Skyscraper Image by Jason Goh from Pixabay

Market share of international flights on passenger basis for fiscal year ending June 2016*

	Market Share estimated*
PIA	22%
Emirates Airlhnes	15%
Shaheen Air	11%
Airblue	10%
Saudi Arabian Airlines	8%
Qatar Airways	7%
Fly Dubai	5%
Air Arabia	5%
Etihad Airways	4%
Gulf Air	3%
Thai Airways	3%
Others (10 Airlines)	7%



benefiting. Aviation market grew from 2007-17 by 4.4% per year according to CAA (Civil Aviation Authority). Shaheen Air International and Airblue have developed but PIA has barely excelled. These are the only three local brands and also the only ones that provide domestic flights.

For international flights there are twenty-one different companies that are available to pick people from Pakistan. In terms of total passengers carried in 2017, Emirates had 15% market share vs. PIA's 22%¹ that it captures through the help of its 13,000 employees. However, now Emirates is planning to replace its airplanes Boeing 777s that have capacity of 427 seats with the largest airliner Airbus 380s that have almost 615 passenger seats. This is naturally expected to boost their sales and hence market



Wing view Photo by Asra Liu on Unsplash

share in comparison to that uses A320 that holds only 168 passengers.

It is also interesting that A380 is manufactured in a unique way. Special ships and wide roads have been built to merely transport its parts as wings. Besides, A380 is only viable for long routes and throughout history only 228 have been manufactured till June 2018 out of which 104 have been purchased by Emirates. Even for future Emirates has booked 58 orders out of 62 total orders that Airbus has of 380s. Emirates relies on its future growth very heavily on A380 purchase, while Airbus has almost only one buyer of its A380. For Emirates it is a risky approach since there is only one manufacturer who may discontinue it any day.

Airlines make lots of money by segmenting their markets into two or three



classes. They recover costs by charging the business class very heavily on longer routes. For example, a direct flight from Dubai to New York of a 'business class' is several times higher than economy class, as a result Emirates makes a lot of money from such flights and is able to offer competitive rates in other flights such as in Pakistan. In marketing terminology such business class flights serve as 'cash cows' that provide finances that can be spent on other areas.

Fun Fact - Resource in Earth

There are many resources in Earth's crust such as Oxygen 46%, Silicon 27% and then most common found metal is Aluminium 8% that is light-weight and is used for manufacturing planes.

Sources: <https://profit.pakistantoday.com.pk/2018/07/16/pia-turnaround/>
<https://profit.pakistantoday.com.pk/2018/07/30/is-open-skies-really-causing-trouble-for-pakistani-airlines/>

Market share of airlines has been developed on basis of data available at CAA (Civil Aviation Authority) website: <https://www.caapakistan.com.pk/upload/AT/stats/2015%20-%202016-OPT.pdf>
Retrieved 6th September, 2018.



Planning:

Anticipating future events and determining the best way of achieving organizational objectives.

All of us plan every single day, whether it is a decision of what to eat, when to go to the university or what to plan for entertainment with family? We plan what career we would like to choose. We plan which dress to wear for presentation and which one to wear on *Juma* (Friday)? Planning is a part of every individual's life. Same goes for organizations. *Planning* is anticipating future events and determining the best way of achieving organizational objectives. The part of planning that is concerned about achieving marketing objectives is called as marketing planning. It is the process by which businesses analyse the environment and company's capabilities and decide on an action and implement it.

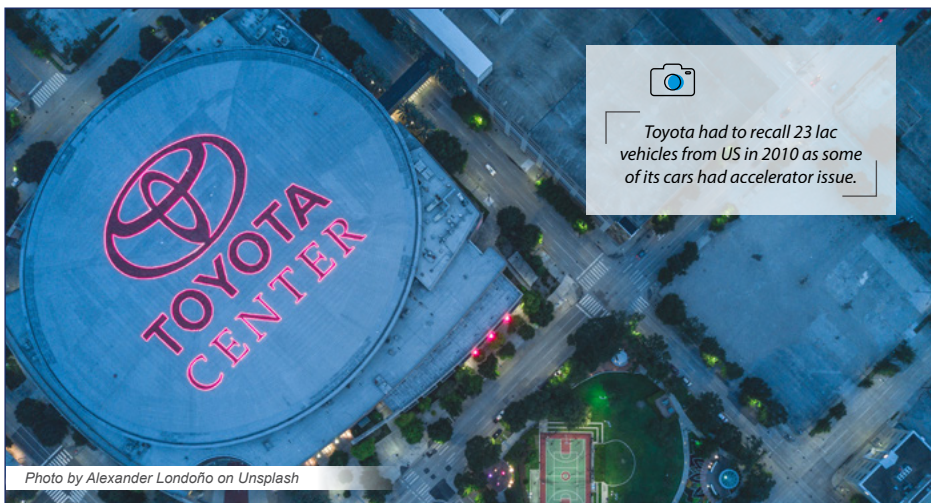
Strategies and Tactics



Strategy: To deploy company's resources to achieve targeted growth and long-term aim.

Word strategy is derived from Greek, meaning 'the general's art', utilizing resources of a nation to achieve goals to win the war. Businesses use the term *strategy* to deploy company's resources to achieve targeted growth and long-term aim.

What is the difference between strategy and tactic? Strategy is broad and set by higher management while tactics are usually done by middle management. Focus of strategic planning is often long-term as 5 to 10 years while tactics is relatively short-term, for a 1 year or so. Tactical plans have a narrower scope, usually focusing on current or near-future activities but help in achieving of strategic plans. A good example, can be Toyota's case of recalling 2.3 million (23 lac) vehicles from US in 2010 as some of its cars had accelerators



Toyota had to recall 23 lac vehicles from US in 2010 as some of its cars had accelerator issue.

Photo by Alexander Londoño on Unsplash

getting stuck issue². Although it was never part of strategic plan of Toyota but they had to make this tactical move to maintain customer trust and to help them restore their reputé of quality.

Levels of Strategies (Planning at Different Organizational Levels)

Structure of a large corporation is usually quite complex as opposed to a small one such as a local grocery shop in our neighbourhood. Large organizations often have three levels as given in Figure 12.1. Corporate level is highest, that is where top management is and they plan for larger issues and address concerns that affect the whole company. Below this is business level, it consists of units that are often self-contained. This division of organization levels helps in making separate sections of a large complex organization. Responsibilities are also allocated accordingly. One business unit isn't directly concerned about performance of other business units. Strategic planning is initiated from corporate level and then it moves downwards. Less complex firms such as those having a single business have corporate and business-unit levels merged or in other words have only two levels. Third level is functional where each department has its own strategic focus that has to be in line with organization's strategy. These departments may be human resource, marketing, information systems etc. In this regard each department is important, however considering the fact that marketing is so important that it must be understood by all employees of a company so as a whole overall customer orientation may be achieved.

”

“Marketing is too important to be left to the marketing department”

- David Packard,

Co-Founder, Hewlett-Packard
(d. 1996)

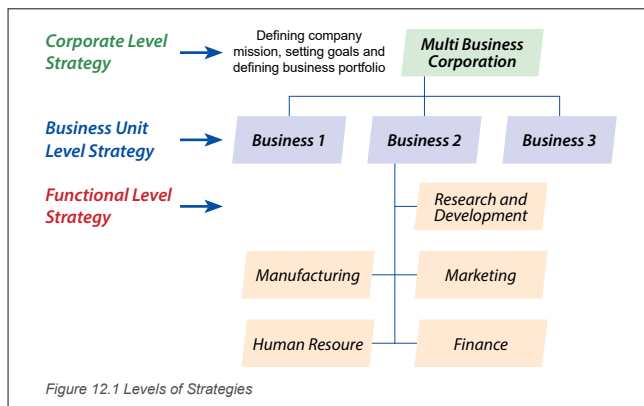
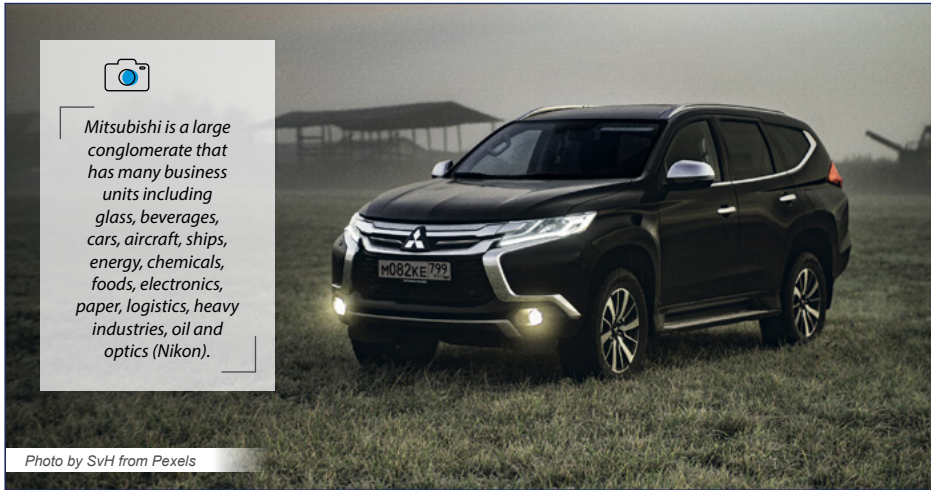


Figure 12.1 Levels of Strategies

Mitsubishi is one example of a large conglomerate that has many business units including glass, beverages, cars, aircraft, ships, energy, chemicals, foods, electronics, paper, logistics, heavy industries, oil and optics (Nikon). So each of these is a separate business unit and under each business there are various functions or departments.



Mitsubishi is a large conglomerate that has many business units including glass, beverages, cars, aircraft, ships, energy, chemicals, foods, electronics, paper, logistics, heavy industries, oil and optics (Nikon).

Photo by SvH from Pexels

At a university, vice-chancellor or rector is at strategic level and sets corporate level strategy. Then there are various schools, each has Dean who has to look after their own department. Further at functional level is faculty and staff that assists in achieving university's goals.

Vision and Mission



Vision: It is future oriented and talks about what the company intends to become.

Vision and mission are two words that are often used but also often confused with each other. *Vision* is future oriented and talks about what the company intends to become. It is like a dream or a picture of future. It is inspirational and tells which problems a company intends to solve for greater good. Without a proper vision a company won't have a direction.

On the other end, mission is how to achieve that success,


Strategic Visions

Time Lenders - Shaping Passions into a Force for Good

Timelenders is a brand based in Karachi that provides corporate trainings on power of vision and strategy. Some of the info such as their notes and slides are available on their website for benefit to masses. www.timelenders.com

what is it that company does, to which customers it serves and how? It is present-oriented and practical. Both are extremely important as 'words have power'.

The *mission statement* is the organization's purpose i.e. its reason for existence. There are two ways of having a mission statement, one is product oriented and other is market oriented. Market-oriented mission statement defines the business in terms of satisfying basic customer needs. Product oriented only explains the product, so this definition is limited while market oriented broadens the scope. For example, if Pepsi were to consider its target market as only those people who drink soft drinks then it'll have limited customer base. On the other hand if they would target all those people who need a drink then it would include everyone.

 **Mission Statement:**
A statement of organization's purpose (reason for existence).

"They let others take customers away from them because they assumed themselves to be in the railway business rather than in the transportation business"

- Theodore Levitt
German born American professor (d. 2006)

Company	Product Definition	Market Definition
Railways	We run trains.	We are transporter of people and goods.
PSO	We sell petrol.	We supply energy.
Encyclopedia	We sell encyclopedias.	We distribute information.
ACSON	We make air conditioners.	We provide climate control in homes and offices.
Pepsi	We sell soft drinks.	We quench thirst.
HomeShopping.pk	We sell books, videos, CDs, toys, consumer electronics and other products online	We make the internet buying experience fast, easy, and enjoyable; you can find and discover anything you want to buy online
National Foods Limited, Pakistan	We sell food products ranging from spices to jams and desserts	We spice up the lives of our consumers by providing them healthy and innovative food items that excel in quality and value for money.
Nike	We sell athletic shoes and apparel	We bring inspiration and innovation to every athlete* in the world * if you have a body, you are an athlete

Your Mission Statement? - Reason for Existence

So, what is your mission statement (reason for existence)? ... Ironically, majority of people are incapable of answering it and are unaware of the very purpose of their own creation, of their own life. Read the following short book for assistance. "Purpose of Life": <http://www.seerat.net/pdf/zindagi.pdf>

➤ **Table 12.1 Product and Market Oriented Definitions of a Business.**

Analysing Business



Portfolio Analysis:

The process by which management evaluates the products and business that make up the company, usually calling these SBUs.



Strategic Business

Unit (SBU): A unit of company that has a distinct mission, product and market.

The business portfolio is the collection of businesses and products that make up the company. *Portfolio analysis* is a major activity in strategic planning whereby management evaluates the products and businesses that make up the company. It helps in analysing strengths of products and business divisions. This allows company to make decisions to sell out a product and invest in others. Through portfolio analysis a company makes separate business units. *Strategic Business Unit (SBU)* is a unit of the company that has a separate mission and objectives that can be planned separately from other company businesses.

Each SBU has its own set of customers and competitors, separate costs and distinct marketing strategy. For example, Engro Corporation (www.engro.com) has multiple SBUs, as it is in fertilizers, foods, energy, and chemicals. One of these is Engro Foods that has famous Olper's brand. Although they sold major stake of Engro Foods to a Dutch company FrieslandCampina in 2016. With annual production of 38 billion litres of milk Pakistan is world's 3rd largest milk producing country³.



Amin Saigol in 1930 founded a small shop, that eventually became Saigol Group, a great conglomerate stepping into chemicals, cooking oil, construction, advertising agency, bank and more. In 1948 they formed Kohinoor textile mills that was Pakistan's first major textile⁴. PEL (Pak Elektron Limited) was founded as a separate company in 1956 but was on verge of collapse so it was acquired by Saigol Group in 1978. Hence, Saigol Group has various SBUs and brands including PEL and Kohinoor Maple Leaf Group (KMLG). It may be said that KMLG further (www.kmlg.com) has two SBUs: one is 'Maple Leaf Cement' other is 'Kohinoor Textile'.

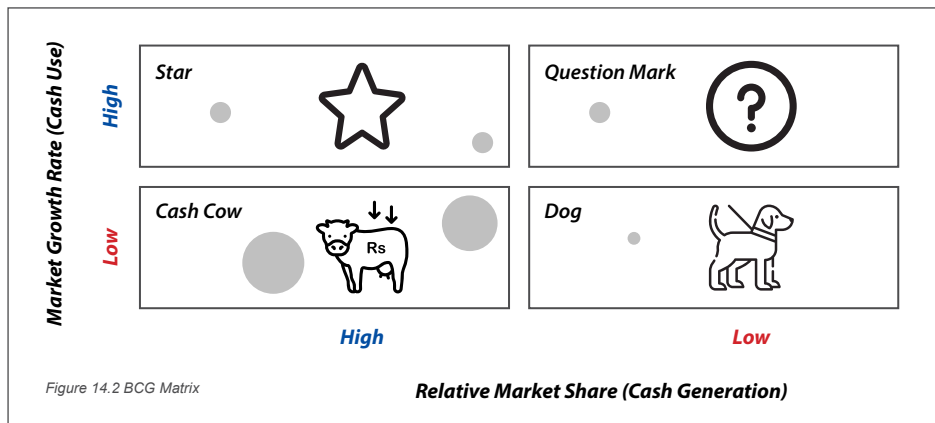
Before an organization can begin to plan its strategy (or even before it can state it) it must analyse the environment in which it is operating. Company's future operating results may be affected by a number of factors such as:

- Environment (PEST-EC) including industry factors (the Five-forces), and
- Company's abilities (competitive advantage) etc.

BCG Matrix

Boston-Consultant Group / *BCG Matrix* is one of the tools that helps an organization in deciding which of the SBUs should be kept, which should be harvested and which should be divested etc. It has market or industry growth rate (high or low) and market share (percentage of market that a company has). An SBU is placed according to its deserving spot on y-axis (growth) and x-axis (market share). Any SBU in each of the different out of four quadrants needs a different marketing strategy. These are called as stars, cash-cows, question marks and dogs, as demonstrated in Figure 14.2.

 **BCG Matrix:** A portfolio planning tool that graphically shows a company's products or business units according to market share and growth rate. It helps in knowing where to allocate resources.





Stars: SBUs characterized by high market-growth rates and high market shares.



Cash Cows: Business units or products with high market share and low market growth rate. These bring cash to the company.



Question Marks: High growing businesses but with low market share, that require investment for growth.



Dogs: Products or business units characterized by low market shares and low market growth.

Stars are high-growth, high-share businesses or products requiring heavy investment to finance rapid growth although they also generate a lot of income. These often turn into cash cows as the growth slows down.

Cash cows are low-growth, high-share businesses or products that are established and successful SBUs requiring less investment to maintain market share. These generate a lot of cash and this cash can be invested in other business units so a strong support is provided by the cash-cows. Naturally, these are quite desirable by marketers.

Question marks (sometimes also called 'problem child') are low-share business units in high-growth markets requiring a lot of cash to hold their share. Hence, marketers have to ask themselves if they would like to continuously spend cash on these in hope that these might turn into a star and eventually a cash-cow or should they stop and instead focus on other businesses.

Dogs are low-growth, low-share businesses and products that might generate enough cash to maintain themselves if expenditures are minimized for these but often do not promise any future. It is mostly wise for a company to sell it to other companies at the earliest, as sometimes a different company has resources to invest and may get benefit out of it.

Since BCG is used by a company to analyse its own SBUs, competing brands or companies are never placed in it.

SWOT Analysis

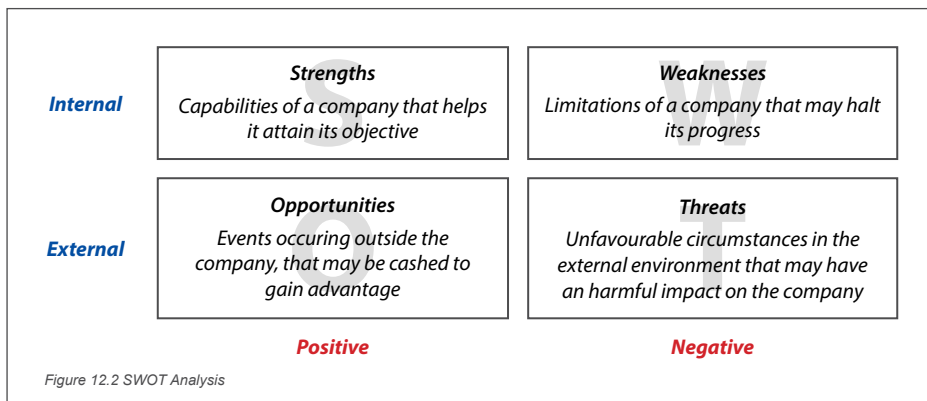
During analysis, it is extremely important to know organization's own situation. A very simple but effective tool to check a company's internal abilities (Strengths and Weaknesses) and external environment (Opportunities and Threats) is **SWOT** as shown in Figure 12.2. This analysis can be done for just one business unit or company as a whole.

Strengths and Weaknesses

A company may know these by asking questions such as: What are our key strengths or core competencies? What is it that we do best? What are the areas of business that need improvement? What do employees think about us? What do customers think we are very good or poor at? What is our company's reputation in the market? Answering these questions will help find strengths and weaknesses.



SWOT Analysis: A company's analysis of its internal Strengths and Weaknesses and external Opportunities and Threats.



Following may either be a company's strength or weakness:

Brand name, market share, product quality, service quality, pricing, distribution, finances, capacity, employees, time management, technical skills, capable leadership and flexibility to change.

Opportunities and Threats

Both of these lie in external environment. These can be identified by a company if it tries to answer questions like, what environmental forces are shaping the market? Are the changes in PEST-EC providing new opportunities to be explored and pursued? If yes, then what are those? Are changes in consumer attitudes and preferences giving us a chance or is there some threat?

Opportunities and threats may include adding or dropping product line, entering new markets, exit existing, government policies such as tariffs or tax-rebates and some technological trends that may provide an opportunity or threat.

Some companies formulate strategies by matching each of the four dimensions of SWOT with other, i.e. they come up with SO (strength-opportunity) strategies, ST (strength-threat) strategies, WO (weakness-opportunity) strategies and WT (weakness-threat) strategies.

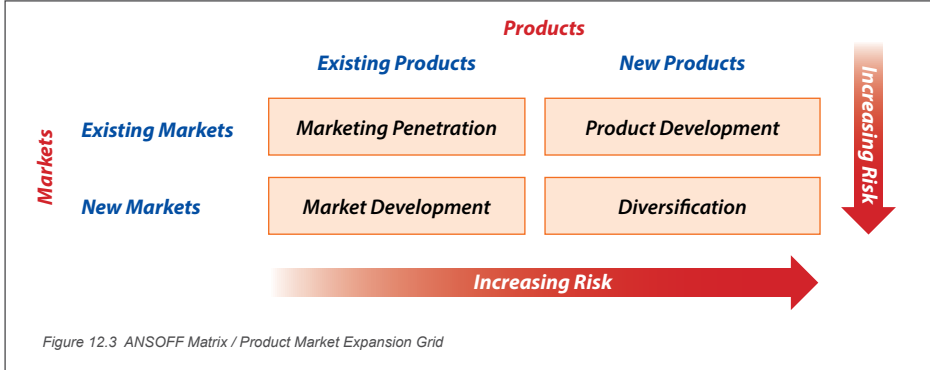
If an effective plan is made then threats may not only be neutralized but can also be converted into opportunities. For example, increasing load-shedding would be a threat for a microwave oven manufacturer as lesser people may opt to purchase it because they won't be able to utilize it at the time of need. At the same time this electronics company has an opportunity to launch UPS as its demand would be increasing or a microwave with some backup energy may be developed.

ANSOFF Matrix (Product-Market Expansion Grid)

Growth is crucial for a company, there are many ways how it can be done. ANSOFF Matrix (or product-market expansion grid) proposes four types of expansion strategies as shown in Figure 12.3.

Market penetration: A company tries to increase sales of the product that it already has to the existing market. This is done by either attempting to convince existing customers to buy more or trying to target new customers in same market.

Market development: In this strategy existing products are sold to new markets. Sometimes it is done by expanding into new market segment or by going to a new geographical zone altogether. For example, Gourmet after successful operations in Lahore for several years finally expanded to other cities and now even other countries⁵. This is market development.



Product development: For existing markets sometimes a company comes up with new product. Launch of cream by a dairy company such as Olper's is product development.

Diversification: It is entering new markets with a new product. If it is done during early days of a business launch, it would be very risky as a company will have to understand both the new market as well as the product dynamics. Sometimes an established company tries it when a brand is being sold in another country.

Problems With Matrix Approaches

Matrices may appear interesting in decision making but have some issues. It is not that simple for a business to make buying and selling decisions on basis of only two variables, so these matrices must be used with caution. Pros and cons of each must be known so decision making is safe. Some of the problems associated with such matrix approaches are:

- It is difficult to define SBUs and measure market share and growth of each
- Time consuming and expensive to analyse
- Focus on current businesses, not on future planning or expected growth
- Looks at only two dimensions, ignores other important strategic factors

Organization Types

Based on how a company may work effectively the top management may divide it into

one of following types:

Functional organization: This is the most common form of organization with different organizational departments headed by a functional specialist. Separate departments are often of HR (Human Resource), Marketing, IT, R&D and Finance.

Geographic organization: It is useful for companies that sell across the country or for those who sell internationally. In such companies 'managers' are allocated responsibility for developing strategies and plans for a specific region only. So, one division may be responsible for just Australia, another for Europe and third for Middle East etc.

Product management: It is useful for companies with different products or brands. Managers are responsible for developing strategies and plans for a specific product or brand. A company may allocate HD-TVs responsibility to a separate department and laptops to another.

Market or customer management organization: It is beneficial for companies that have only one or limited number of product lines and they sell each to many different markets and customers. Managers are responsible for developing strategies and plans for their specific markets or customers. For example, mobile phone service providers usually have separate team to handle their pre-paid clients and a different one to look after the post-paid customer.

The Global Marketplace

Multinational companies (those that operate in several countries) have grown very rapidly in last 50 years as in 1960s there were about 7,000, in 1990 there were 30,000 multinationals and by 2006 there were over 80,000⁶, estimated to be over a 100,000 now.

Global firm: A global firm is one that by operating in more than one country, gains R&D, production, marketing and financial advantages in its costs and reputation that are not available to purely domestic competitors. For example, Otis Elevator is world's largest elevator maker but purchases materials from several different countries.

There are some major international marketing decisions. Not all companies may need to go global. Those that do plan to go should decide which markets they would like



Image by Gerd Altmann from Pixabay

Learn about mergers and acquisition by playing a board game 'Acquire'.



Countertrade:

Bartering goods and services rather than selling them for money.



Tariffs:

A government tax on goods entering a country.



Quota:

The limit on the amount of product that may be brought from another country.

to enter, what are the company's international marketing objectives, how many countries should be aimed for.

Besides, each country and market should be understood separately. Yellow in Mexico means death or disrespect. In German *gift* means poison. Soft drinks are sold in smaller cans in Japan so it fits in their hands conveniently. Nestle had some good luck with its brand Kitkat in Japan as in Japanese the words Kitto Katsu mean 'You'll surely win'. Company cashed on it by showing commercials in exams convincing students that going for Kitkat is the way to victory.

At international level legal rules play an important role. Countries sometimes opt for *countertrade* that is international trade involving the direct or indirect exchange of goods for other goods instead of cash, such as:

- **Barter:** Exchange of goods against goods
- **Compensation** (or buyback). One country may import machinery and instead of paying cash it would manufacture products using that machinery and then give it to the other country as compensation.
- **Counter-purchase:** Seller receives full payment but agrees to spend some of it in the country from which it received cash.

International Trade System

Tariffs are taxes on imports. Since these raise prices of imported goods therefore local producers have an advantage of lower cost. Purpose of tariffs is to protect the local industry. However, these do cost even consumers a lot especially when imported product is of higher quality. For example, US and China have been having a trade war on tariffs from each other that are around 25%⁷. China also has restrictions on foreign banks.

Quotas are a restriction placed by a country to the total number of items that they can import from one country. For instance, one country puts maximum import limit of 5,000 cars from each country. Again the idea is to provide benefits to domestic manufacturer.

However, both tariffs and quotas result in limitations on international trade. That is why major countries of the world have formed World Trade Organization (WTO) in 1995. It is meant to encourage free trade and resolve any disputes and claims. As of 2020 it has 164 members⁸.

Rise of Free Trade Zones (Economic Community)

Recently many countries have combined towards common goal of free trade. A group of nations working towards a common goal in regulation of international trade are called 'economic community'. Some of the famous ones are:

European Union (EU) -1957. It has 28 members out of which 19 countries use 'euro' as a common currency. There are no restrictions in going from one country to another.

NAFTA (North American Free Trade Agreement) between US, Canada and Mexico is also another famous community.

SAARC (South Asian Association for Regional Cooperation) was founded in 1983. It comprises of eight members, Pakistan, India, Bangladesh, Bhutan, Maldives, Sri Lanka, Nepal and Afghanistan. SAARC has combined population of 1.7 billion that is 21% of total globe⁹.

Income

Distribution:

Each country has different type of economy. Some countries are just barely surviving themselves, some export their raw material, then some are

industrializing and most developed are industrial. Depending on the type of product a company manufactures and type of market it intends to sell it to, it may need to bring changes in its business accordingly. Depending on how wealth is distributed among population, corporations may target accordingly. For example, in terms of millionaires in the world, US ranks at number one, followed by China, Japan, UK and Germany¹⁰.

Culture impacts marketing strategies of multinationals. For example, half Chinese eat on the way to work. Besides, some large companies also end up influencing cultures. Many American multinationals as McDonald's, Coca-Cola, Nike and Disney are not just "globalizing" their brands, but "Americanizing" world.



Global Market Entry Strategy

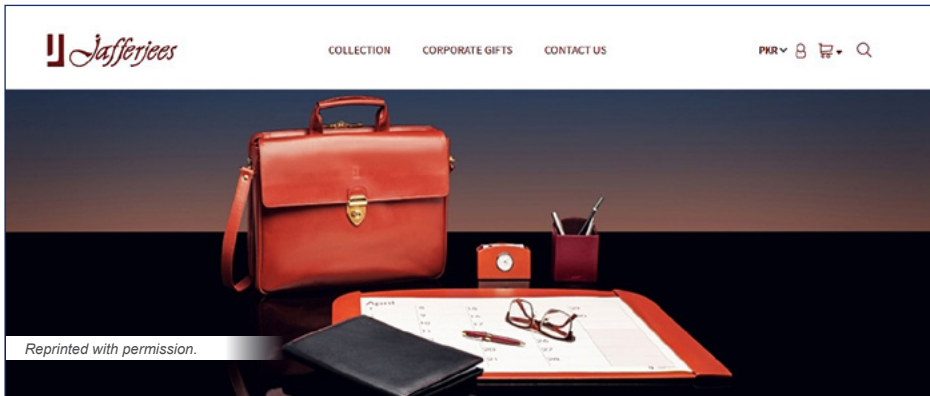
A company may decide to go international through one of four methods as shown in Figure 12.4.



Exporting: Selling products to international markets either directly or through intermediaries.

- i. **Exporting:** *Exporting* is simply to manufacture a good in one country and then sell it in another. Advantage is that a company usually doesn't need to bring any changes or very minor changes in the product. There is very little risk or financial spending and even management's commitment is limited. It has two sub-types, indirect and direct export.

Indirect export is when a company sells overseas through an intermediary. This type of exporting is mostly done at an initial stage when a firm has no experience or links in a foreign country. So, that intermediary knows the country and assists in distribution and promotion etc. However, once some experience is gained then many firms move to direct export that is when company itself sells without any intermediary (wholesaler or retailer). For example, Jafferjees is a Pakistani brand of leather products like wallets, purses and has now started exporting as well.



Licensing: Entering foreign market through allowing a company to use trademark or patents.

- ii. **Licensing:** *Licensing* is an agreement under which one firm allows another to use its valued items in exchange for royalty (compensation). Firm using these are called licensee. These valued items may be intellectual property rights, trademarks, patents, technical know-how etc. Licensor gains market entry at very low risk and also gets information but loses control from detailed operations of licensee.

A variation of licensing is franchising. Franchisee gets



McDonald's has over 70% stores franchised and over 60% sales from non-US (foreign) countries.

exclusive rights to become a company's product seller in a specific area. It is a very common form of market-entry strategies and is utilized excessively by some of world's largest brands in soft drinks, retailing, fast-foods and mobile phone service providers. McDonald's has over 70% stores franchised and over 60% sales from non-US (foreign) countries¹¹.

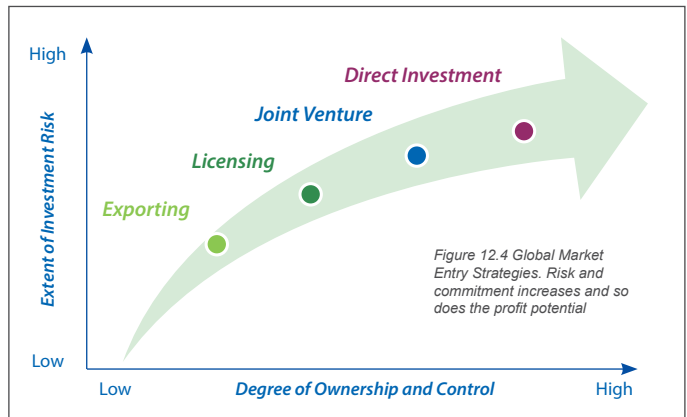
- iii. **Joint Venture:** *Joint venturing* is when two companies (one local and one foreign) invest together to produce or market a product. Both share some ownership, assets, risk, control and profits. The advantage is that one company may not have enough resources so through sharing this new opportunity can be achieved. Usually government also encourages it before a foreign company can be allowed to enter a country. On negative side sometimes both companies may not agree on certain policies or decisions.



Joint Venture:

Entering foreign markets by joining with foreign companies to produce or market a product. They invest together and share control and profits.

- iv. **Direct investment:** It is the highest level of risk and commitment that a company



can take while going into another country. A firm invests directly itself and owns the local division. Companies like Nissan, Reebok and Pakistan's Descon have reached this stage. This method allows for cost advantages in production and better awareness and knowledge of local market thus making the risk worth it.

Global Marketing Mix

All 4Ps may need some modifications in each country.

Price

Sometimes product size is reduced to make the product more affordable as P&G did in China. Among countries besides other conflicts that may come because of price differences another thing that happens is called dumping. *Dumping* is charging a foreign country less than local. Occasionally, countries do it when they've unsold products or sometimes to damage the foreign countries industry. It is considered illegal and such cases are dealt in international court.



***Dumping:** When a firm sells a product in a foreign country below its domestic price or actual cost.*

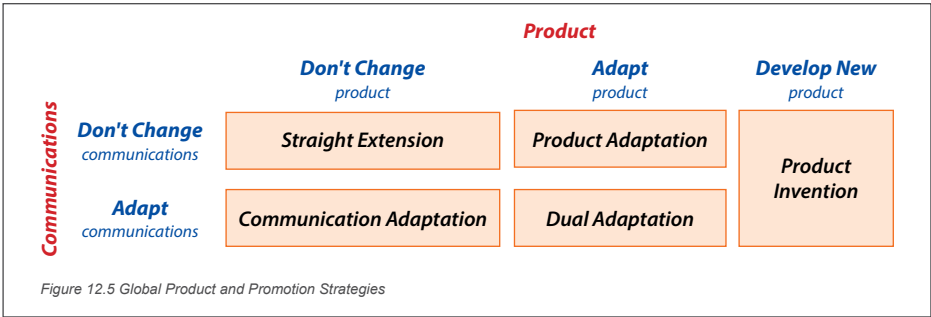
Distribution

Designing international channels that take into account the entire global supply chain is critical to forge an effective global value delivery network. For example, Nokia launched shop vans to sale its cellphones in India.

Product and Promotion

A company may amend products and promotions as shown in Figure 12.5.

- **Standardized global marketing:** An approach for using the same marketing strategy and mix in all the company's international markets.
- **Adapted global marketing:** Adjusting the marketing



strategy and mix elements to each international target market, bearing more costs but hoping for a larger market share and return.

Straight product extension means marketing a product in a foreign market without any change in the product. For example, Black & Decker is an American brand of hardware that easily sells same quality products all across globe.

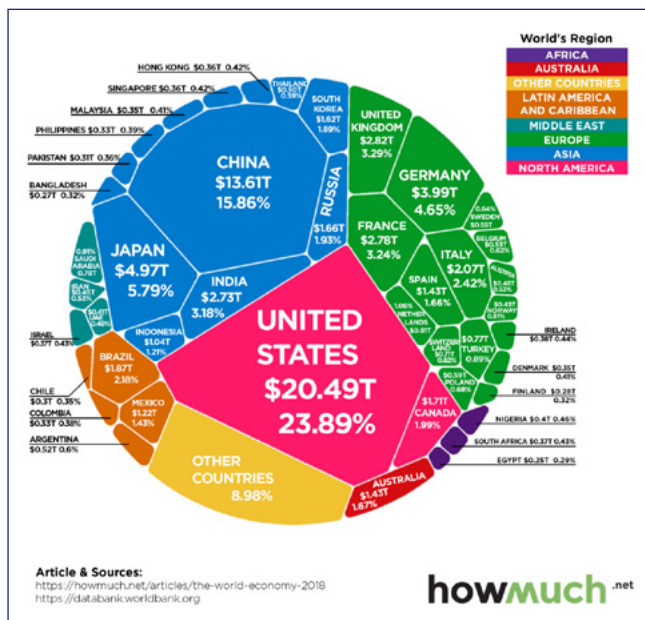
Product adaptation involves changing the product to meet local conditions or wants.

Product invention consists of creating something new for a specific country's market. For example, Nestle launched *Zeera* and *Pudina Raita* in Pakistan.

Promotion adaptation is a global communication strategy of fully adapting advertising messages to local markets.

World's Biggest Economies and Employers

Many large corporations have higher sales than GDP of most countries of the world. Walmart has exceeded 500 billion dollars in revenue in 2019¹², only 24 countries of the world have higher GDP.



World's 86 trillion dollar economy of 2018 in a single chart.

Source: Graph designed by Visual Capitalist. Reprinted with permission. Available at <https://www.visualcapitalist.com/the-86-trillion-world-economy-in-one-chart/>

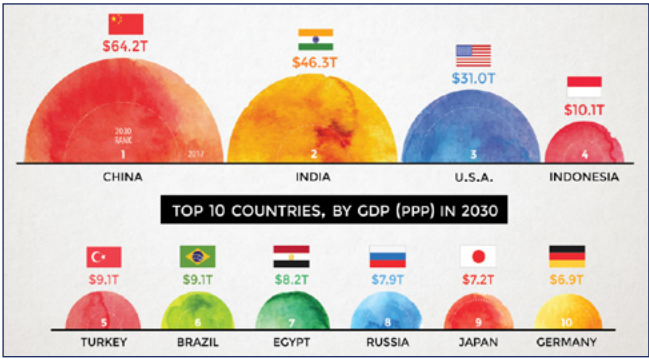
World's Largest Employers

List of world's largest employers is often surprising for most people. Among top fifteen half are government owned and half are private companies as shown in Table 12.2.

	Government Entities	Employees	Private Companies	Employees
1	US Dept. of Defense	32 lac		
2	China's Army	23 lac		
3			Walmart (US)	22 lac
4			McDonald's (US)	19 lac
5	UK Health Service	17 lac		
6	Indian Railway	14 lac		
7	Indian Army	13 lac	China National Petroleum	13 lac
8	Korean Army	12 lac		
9	Armed Forces of Russia	10 lac		
10			China Post	9.3 lac
11			State Grid Corp. China	9.1 lac
12			Hon Hai /Foxconn (Taiwan)	6.6 lac
13			Volkswagen (Germany)	6.6 lac
14			Amazon (US)	6.5 lac
15	Pakistan Army	6.4 lac		

➤ **Table 12.2 World's Largest Employers.**

Source: Private companies employee info from Fortune Global 500¹³ and government entities data from MSN¹⁴.



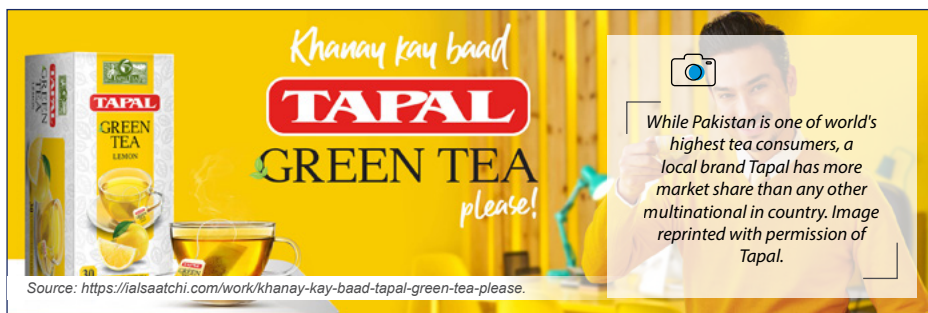
From countries point of view a good graph estimating top 10 economies for 2030 is developed by IMF based on 2017 data and forecast.

Source: Data by IMF / Standard Chartered, graph designed by Visual Capitalist. Reprinted with permission. Available at <https://www.visualcapitalist.com/worlds-largest-10-economies-2030/>

Pakistan's Local Companies vs. MNCs (Multinationals)

Tea

Pakistanis are tea lovers and consume over 1kg per capita per year that is one of world's highest rates and expected growth of 8%. A lot of non-branded tea is sold with 40% market share, while brands own rest of 60%¹⁵. Tapal became largest in 2008 and 2009,



by passing Unilever's Brooke Bond and Lipton. It controls more than 50% market¹⁶ with estimated sales of Rs.40 billion a year, following it Unilever has 35 billion, Vital Tea 10 billion and Tetley at 8 billion¹⁷.

Biscuits

Khawar Masood Butt founded English Biscuit Manufacturers (EBM) that became market leader in 1966 with brands like Rio, Gluco, Nan Khatai, Farm House Cookies, Butter Puff, Click, Marie, Saltish, Peanut Pik and Sooper. Sooper became highest selling biscuit in Pakistan in 2002 and in 2014 its sales exceeded Rs. 11 billion. EBM has 45% market share¹⁸.

In comparison Continental Biscuits Limited (CBL) backed by American Kraft Foods owns LU under which TUC, Candi, Prince, Oreo, Gala, Tiger and Bakeri come. CBL's market share is estimated at 30% in 2017¹⁹.



Photo by Yogendra Singh on Unsplash

Animation

In 2015, Pakistan's first ever full length animated movie by name of '3 Bahadur' was released. It gained sales of over 6 crore bypassing 'Rio-2' (an American 3D animated film) and becoming highest engrossing animated movie in Pakistan's cinema history²⁰. It was followed by a sequel that too was a success. Later on in 2018 'Allahyar and the Legend of Markhor' hit the big screen breaking records for an animated film in Pakistan's cinema with earning of Rs. 5 crore in 3-weeks. It was developed utilizing gaming software Unreal Engine-4 (UE4) instead of an animation one²¹. Besides, since the theme was about wildlife so they were assisted by WWF (World Wildlife Fund). The director Uzair Zaheer Khan has graduate degree in character animation and two decades of

experience including working for Burka Avenger²².

The Donkey King released in same year bypassed it because of larger marketing budget and had 25 crore in box office sales²³. Nevertheless, Allahyar remains highest animated movie of Pakistan with 7.5 at IMDB²⁴. It shows the potential of local animators and demand of consumers for local content.

Several Pakistani companies especially from textile sector and sporting goods are manufacturing for top ranking foreign brands and exporting to them. Although, they consider it an honour but there is a lot more room for improvement by launching own brands at international level as it can lead to enormous growth as has been covered in this chapter. Countries like China and India, both are neighbours of Pakistan but are overthrowing US as world's largest economy.

Pakistan being world's sixth largest country by population, having sixth largest army²⁵, in top-ten among tourism²⁶, is fifth largest market of motorcycles²⁷, among top ten producers of various cereals, fruits and livestock and fourth in intelligence²⁸ it has potential that is hardly challengeable. Forbes has also listed it as top fifteen countries in the world²⁹. Let's hope we can cash on all the blessings that The Creator has blessed us with and make the most of these inshaaAllah إن شاء الله.



Image copyrights 3rd World Studios. Reprinted with permission.

Chapter 12 **Epilogue**

KEY-TERMS



Planning: Anticipating future events and determining the best way of achieving organizational objectives. (p-376)

Strategy: To deploy company's resources to achieve targeted growth and long-term aim. (p-376)

Vision: It is future oriented and talks about what the company intends to become. (p-378)

Mission Statement: A statement of organization's purpose (reason for existence). (p-379)

Portfolio Analysis: The process by which management evaluates the products and business that make up the company, usually calling these SBUs. (p-380)

Strategic Business Unit (SBU): A unit of company that has a distinct mission, product and market. (p-380)

BCG Matrix: A portfolio planning tool that graphically shows a company's products or business units according to market share and growth rate. It helps in knowing where to allocate resources. (p-381)

Stars: SBUs characterized by high market-growth rates and high market shares. (p-382)

Cash Cows: Business units or products with high market share and low market growth rate. These bring cash to the company. (p-382)

Question Marks: High growing businesses but with low market share, that require investment

for growth. (p-382)

Dogs: Products or business units characterized by low market shares and low market growth. (p-382)

SWOT Analysis: A company's analysis of its internal Strengths and Weaknesses and external Opportunities and Threats. (p-382)

Countertrade: Bartering goods and services rather than selling them for money. (p-386)

Tariffs: A government tax on goods entering a country. (p-386)

Quota: The limit on the amount of product that may be brought from another country. (p-386)

Exporting: Selling products to international markets either directly or through intermediaries. (p-388)

Licensing: Entering foreign market through allowing a company to use trademark or patents. (p-388)

Joint Venture: Entering foreign markets by joining with foreign companies to produce or market a product. They invest together and share control and profits. (p-389)

Dumping: When a firm sells a product in a foreign country below its domestic price or actual cost. (p-390)

Purpose of Life (Your Mission Statement)

Marks: 10

Approx. time required: 2 hours

How about a research into the purpose of own creation? Lack of awareness of why we are created is extremely dangerous. Discovering it is essential; one of the best books in this regard is "Purpose of Life". It is of 28 pages but is very inspirational and great for boosting motivation. You may read it at:

<http://www.seerat.net/pdf/zindagi.pdf> Share your learning from it, especially summarize the following headings:

- Think about it (pages 2 and 3) [100+ words] (2 marks)
- Degeneration of society (pages 12-13) [150+ words] (3 marks)
- Education (pages 14-15) [150+ words] (3 marks)
- What is the purpose of **your** life (your 'mission statement')? [100+ words]. (2 marks)

Learning Outcomes: To ignite the mind towards the very purpose of our own creation as most humans are blindly unaware of it.

Mini-Project: Board Games Business

Marks: 20
Approx. time required: 8-10 hours

Instructions: A 1,400+ net write-up is required.

Board Games have a very ancient history but have more recently evolved and have many educational benefits. An article published in Forbes (an American business magazine) emphasizes leadership lessons from board games³⁰ and another on HBR (Harvard Business Review)³¹ emphasize how these games teach business lessons such as communication skills and working towards common goals.

Q1: Board Games Cafe:

There is a 'market gap' for it in Lahore (there is one board game cafe by name of 'Pi Social' in Karachi). How do you think a board game cafe might work in Lahore, share marketing mix (4Ps) ideas as investment required, venue/location, business model (other items/products that you may add), per hour/day charges etc.? How to promote? [500+ words] **(6 marks)**

Industry: In order to understand what is board game industry read the article <http://www.gamedesignworkshop.com/content/sidebars/understanding-the-tabletop-game-industry/> or just its first five six paragraphs and answer the following:

Q2: Structure of Board Games Industry:

Draw it in pictorial/graphical form (as elaborated in this article) from how the designing works, to manufacturing, up to distribution and retailing? [100+ words in diagram] **(3 marks)**

Q3: Health Benefits:

Check the following article: <http://www.healthfitnessrevolution.com/top-10-health-benefits-board-games/> and share any five health benefits of playing board games. [250+ words] **(3 marks)**

Q4: Play:

Try at least one new game(s) with your siblings, cousins and colleagues in your universities cafe. Share the experience. (Also add picture of game while in play) [250+ words] **(3 marks)**

Q5: Lessons:

What lessons can you derive after playing these games? Explain with practical examples that you experienced during this project. e.g. *share what is it that you learnt about resource management? What did you learn about strategic (long term) planning vs. tactical (short-term)?* etc. [250+ words] **(3 marks)**

Q6: Which 'need' is fulfilled by board games? What are the close substitutes to it? [150+ words] **(2 marks)**

Optional

Q7: Online Purchase Experience:

Buy a new board game preferably from the list given in 'guidance section' on next page.

- i) Through which source you purchased the game? (Provide proof as order slip & playing experience etc.) ii) As a consumer how was your buying experience (in terms of payment made, delivery time etc.)? iii) How can it be improved (what can sellers do)? iv) Share how to play this game. [400+ words]

Group size	Condition	E.g. of games
One	Opt for any 1 new game (complexity 1 or higher)	Code Names, Telestrations
Two	Opt for 1 game of 2+ complexity	Pandemic Legacy
Three	Opt for 1 game of 3+ complexity	Power Grid, Dead of Winter
Four	Opt for 1 game of 4+ complexity	Through The Ages

NOTE: No grouping with opposite gender. Confirm the game before ordering as buying a useless card game or traditional games like Ludo, Monopoly and Chess etc. are NOT allowed.

GUIDANCE (for board games project):

Learning: Search on YouTube or <https://boardgamegeek.com/> and explore a few top games (consult with instructor before finalizing) to learn how to play these games e.g.

Learn to play DoW in 16 minutes: <https://boardgamegeek.com/video/134202/dead-winter-crossroads-game/learn-play-dead-winter-16-minutes>

Learn to play Power Grid in 30 minutes: <https://boardgamegeek.com/video/5392/power-grid/board-game-teach-001-power-grid>

Recommended sites to buy board games in Pakistan:

- TheOtakuGamers <http://www.theotakugamers.com/> [exclusive provider of board games]
- ShopHive <http://www.shophive.com/more/extras/board-games> [a bit too expensive]
- PkShip <https://pkship.com> [has long delivery time but you can order anything on Amazon]

OR search any other site.

Some recommended games (check complexity and watch videos before going for it):

Game	Rank	Rating (10)	Max. players	Max. time	Complexity (out of 5)	Type	Release
<i>Through the ages: New Story of Civilization.</i>	2	8.7	4	240	4.33	Strategy	2015
<i>Agricola</i>	13	8.1	5	150	3.6	Strategy	2007
<i>Dead of Winter</i>	138	8	5	120	3.44	Thematic	2016
<i>Scythe</i>	6	8.4	5	120	3.31	Strategy	2016
<i>Power Grid</i>	18	8	6	120	3.29	Strategy	2004
<i>Pandemic Legacy</i>	1	8.7	4	60	2.81	Strategy	2015
<i>Istanbul</i>	89	7.6	5	60	2.62	Strategy	2014
<i>Risk Legacy</i>	168	7.6	5	60	2.61	War/Strat.	2011
<i>Acquire</i>	187	7.4	6	90	2.5	Strategy	1964
<i>Dominion</i>	54	7.7	4	30	2.38	Strategy	2008
<i>Ticket to Ride</i>	82	7.6	5	60	1.97	Family	2005
<i>Carcassone</i>	128	7.4	5	45	1.94	Family	2000
<i>Splendor</i>	91	7.6	4	30	1.84	Family	2014
<i>King of Tokyo</i>	180	7.3	6	30	1.51	Family	2011
<i>Code Names</i>	22	7.9	8	15	1.38	Party	2015
<i>Dixit</i>	155	7.4	6	30	1.27	Party	2008
<i>Apples to Apples</i>	2850	5.9	10	30	1.17	Party	1999
<i>No Thanks</i>	390	7	7	30	1.15	Family	2004
<i>Jenga</i>		6	8	20	1.14		
<i>Telestrations</i>	192	7.4	8	30	1.11	Party	2009
<i>TimeLine</i>	888	6.9	8	15	1.08	Party/Family	2012
<i>Exploding Kittens</i>	4000	5.9	5	15	1.07	Party	2015





Section 4

ENTREPRENEURSHIP

Ch-13	Power of Entrepreneurship	400
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Chapter-13

Power of Entrepreneurship

- 1 Entrepreneurial Revolution
- 2 Entrepreneurial Mindset
- 3 Recognizing Opportunities
- 4 People and New Products

Learning Objectives

After reading this chapter you should be able to:

- Understand what is entrepreneurship
- Know the increasing interest of world towards entrepreneurship
- Know the key attributes of an entrepreneurial mindset

“

- Leonard A. Batterson



"The entrepreneur is not circumscribed by the walls of a job description or limited in what he may accomplish, by the insecurities of his superiors, or the necessity to wait until others in the corporate pecking order retire. His field is wide open, and he can attempt whatever broken field running he is able to perform."

”



Watch Lecture Video in Urdu (اردو)

<https://youtu.be/OA77WlobyNo> [26min.]

Opening Scenario:

Shoe Industry

History: Humanity has needed protection of feet since the dawn of civilization and so shoes have old history. Archaeological

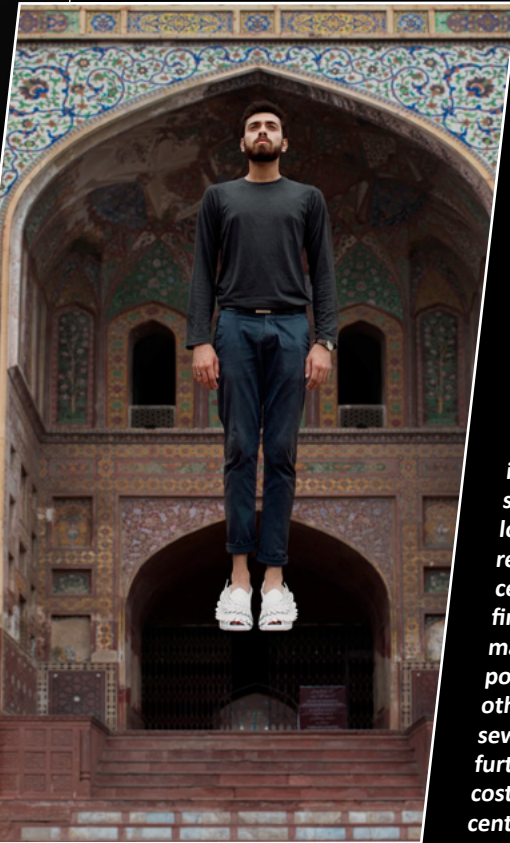
records suggest various estimates as to when shoes began, some say 9,000 years ago (almost coinciding with Hazrat Adam's era), others say only about 3500 BCE¹. In ancient times, animals were hunted and later their skin was used to cover feet.

Romans around 27 BCE differentiated between right and left footwear. With the passage of time, technological innovation modified skin into leather and gave stylish and appropriate look to shoes. Industrial revolution of 18th century allowed for first shoe factories making mass production possible. In 19th century other inventions like sewing machine assisted further reduction in costs. By start of 20th century fashion became important. Now in 21st century there are many

famous brands of shoes for men and women which are working tirelessly to make it as modern and comfortable as they can.

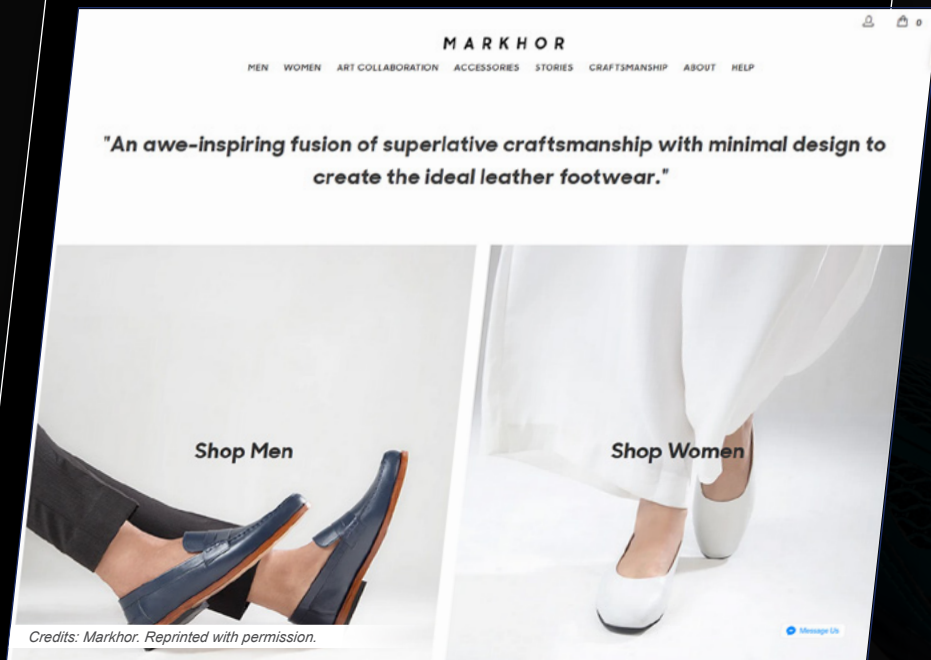
Pakistan's leather industry is one of the largest. Pakistan exports

Credits: Markhor. Reprinted with permission.



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to over 60 countries but mostly average shoe price is of around \$10². Some large companies make 10,000 units per day but most make only 2,500.



Shoe exports are fluctuating as can be checked through data gathered and published at website of Pakistan Footwear Manufacturers Association, from fiscal year 2018 - 19 exported shoes were worth \$122 million³. Various brands now operate in Pakistan including foreign ones like US based Hush Puppies and Caterpillar, Bata from Switzerland and Metro Shoes from India. Besides, there are also various local brands as ECS (founded in 1954 in Lahore)⁴, Servis Shoes (founded in 1959⁵), Starlet (started in 1980 as a small unit) and many more. Online sales and direct export provide opportunities and are being cashed by different entrepreneurs.

Stylo brand was born when a shoe salesman Azhar Hussain Siddiqui opened a shop titled Bano Chappel store named after his daughter. It started in Anarkali (Lahore's famous market) in 1974 with only Rs.174. Due to some dispute it had to be winded so he opened another store with his four sons from home. They had no furniture and would just sit on carpets. It was named Stylo. Now only the head office is spread on 20-kanal land. Youngest son upon completing his education brought the idea of expanding business and as a result with only 3 stores in 2003 it reached over 140 outlets in

Image by Steve Buissinne from Pixabay

50 cities by 2020⁶. It is one of the leading brands of fashion shoes with vision of becoming first Pakistani Muslim shoe brand to be recognized at international level⁷.

A more entrepreneurial story is of Markhor that was envisioned by Waqas Ali, a young student who was studying Physics in FC College. He was also growing interest in use of social media for marketing to the point that he started helping local businesses in online presence. Eventually, he realized that he cannot continue education and business together so he dropped out of college. He along with Sidra Qasim discovered that many craftsmen of Pakistan are creating excellent quality products that are being cashed on by some top international brands. So, they decided to utilize this talent and connect with both the customers and craftsmen directly. Thus was born Markhor in 2012, a company that offers hand-made shoes customized to each individual's requirements. It mostly utilizes skills of shoe-makers from Lahore and Okara. They raised over 1 lac dollar (1 crore rupees) through Kickstarter (a forum where entrepreneurs get an opportunity to attract investors for their business ideas) and in June 2015 delivered 700 orders in 35 countries across the globe⁸. Waqas has also been listed by Forbes in 30 under 30 of Retail and Ecommerce category in 2017⁹.

Image by Pixels from Pixabay

WWW - Shoe Timeline

Interesting site to go through shoe modification since beginning: <https://www.vam.ac.uk/shoestimeline/>

Entrepreneurship serves as new plants for an entire economy. It helps create innovative products, improve previous ones, find new ways of doing business, while at the same time eliminate older more obsolete ones. Corporations that don't change or innovate eventually run out of business. Entrepreneurship provides people with new products that improve way of living, like smartphones, over-night delivery services and electric cars. Entrepreneurs are often considered the lifeblood of an economy's growth.

Entrepreneurial Revolution

Not long ago, just in the early 80s only a few courses on entrepreneurship were being offered but now specialized degree programs from undergraduate level to doctoral degrees are available at top business schools across the globe.

Entrepreneurs and small businesses are a major chunk of an economy and employ a lot more people than what large companies do. They also have more patents, contribute to GDP and create more jobs. Two-thirds of such new businesses start in an owner's home¹⁰.

Discussion

List reasons why you may want to be an employee. Then list reasons why you may want to be an entrepreneur. Compare and discuss.

Internet has been a major reason for rise of entrepreneurship as it provided everyone an opportunity to interact with world, show their products to make sales. In particularity it is very easy to sell digital versions of software as there is no hassle of delivery. Thus it has eliminated middle men's role. A number of people have started launching businesses from their homes, directly picking customers online via Facebook, OLX or by creating own websites or a combination of these.

Recently large number of people have started entrepreneurial ventures because small companies are quick to adapt change while large organizations often react slowly. Since, nowadays trends are changing rapidly, it puts small organizations in a better position to modify and move accordingly. Most of the companies are small but have a very large positive impact on economics. Entrepreneurs give back to society.

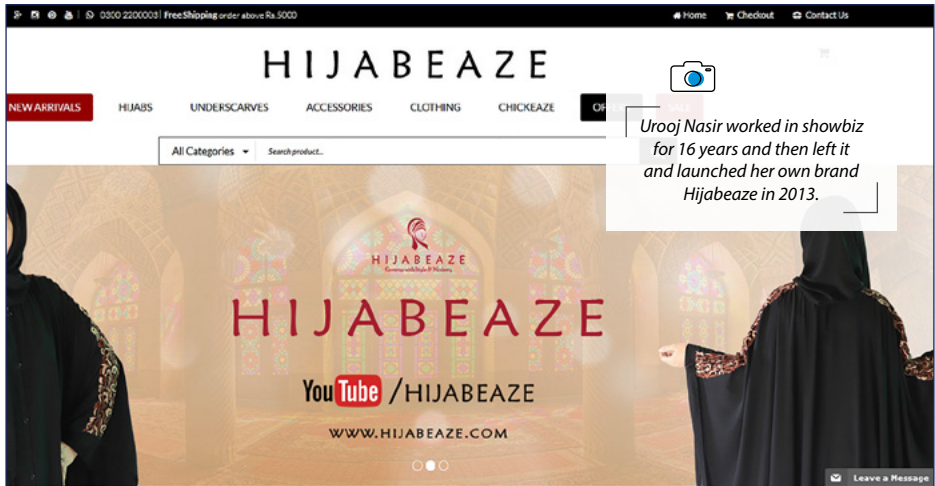
Global Entrepreneur Monitor

GEM Report Global:
<https://www.gemconsortium.org/report>

A lot of females are also getting into entrepreneurship like Neelofa of Malaysia who won teen beauty contest in 2010 but four years later started wearing *hijab* and realized a new business idea from it Naelofar Hijab, for which she was enlisted in Forbes 30 under 30¹¹.

According to Global Entrepreneurship Monitor report 2018/19 there are 7 women entrepreneur for every 10 men

entrepreneurs¹². Urooj Nasir for instance worked in showbiz for 16 years and then left it in 2011 as she researched about *hijab* in Islam. She launched her own brand of *hijab* by the name of Hijabeaze in 2013 that is continuously growing in popularity as it is helping ladies to cover themselves with style and modesty¹³.



ELN, an e-Learning Network was founded by Sana Farooq, it is a UK-based centre that provides training to teachers through online courses thus reducing travelling costs. She has received recognition at international level for it¹⁴.

What is Entrepreneurship?

Who is an entrepreneur? Is every business owner an entrepreneur? Critical most difference between an entrepreneur and an employee is that an entrepreneur has a vision, takes decisions that impacts him as he works for himself and isn't answerable to any boss as opposed to an employee. An *entrepreneur* finds a business opportunity, collects all resources including people, money, business-model and strategy to transform that idea into a running business.

Economist Joseph Schumpeter (1883-1950) in the 20th century, linked entrepreneurship with innovation. According to him an entrepreneur finds new ways and combinations that result in destruction of old industries because new methods are developed to do things in better, more efficient ways. Therefore, Joseph considered an entrepreneur a force



Entrepreneur:

A person who finds a business opportunity, then collects all resources including people, money, business model and strategy to transform that idea into a running business.

'Imagination is more important than knowledge. To raise new questions, new possibilities, to regard old problems from a new angle, require creative imagination and marks real advance in science'.

- Albert Einstein

German Physicist (1879–1955)



Innovation: It is transfer of a new idea into a good or service for which customers pay.

of “creative destruction.” Drucker, famous Austrian-American educationist also enhanced this definition emphasizing that an entrepreneur is not afraid of change, instead he views it as a norm, he welcomes it, as a matter of fact he seeks it and then uses it as an opportunity¹⁵.

Academic definition of entrepreneurship is, entrepreneurship is the process by which individuals pursue opportunities without regard to resources they currently control.

An approach that is often opted by people seeking a new business is to simply mimic (copy) another business. In it a product that is already in market is made by the company, usually with minor variation. There isn't any innovation in it and a company merely tries to cash on someone else's success. These are quite common. For example, a restaurant works well in an area, so another investor would also open a restaurant quite adjacent to it. A bookshop is doing well, so another person would also open a bookshop very next to it. This is not really entrepreneurship in the eyes of experts. Entrepreneurship is very strongly linked with innovation. An *innovation* is transfer of a new idea into a good or service for which customers pay. The breakthrough innovation is called by Schumpeter as '**creative destruction**' as he refers to elimination of old technologies while some prefer calling it 'creative constructionism'. Nevertheless, essence of innovation is imagination¹⁶. Through imagination one can perceive what doesn't exist and then through creativity new uses of it can be found. An individual can be creative but not imaginative, however some may have both these attributes. Overall both are required for radical/disruptive innovation. Imagination is free thinking, for knowledge creation that benefits humanity.

While innovation is extremely important as Christopher Freeman (1982) wrote, '*... not to innovate is to die.*' However, nowadays innovation is becoming so rapid that sometimes before a product reaches maturity, next product is launched to replace it and hence starts a new product life cycle, this results in increased risks for companies and also wastage from consumer's discarded products.

Often it happens that an aspiring entrepreneur would analyse a potential business but wouldn't pursue it in fear of failing. Chances of failing are always there as life of companies are less than humans in most cases. Some risk has to be taken for a reward. Effort has to be exerted even though there are no guarantees of return. On the other end most people just see large companies without realizing that all of those were

once small. Before they had thousands of customers they had hundreds, those hundreds came after first few. So, as an entrepreneur be prepared to start small, first few customers shall likely come after a lot of time and effort but will lead way to more. *"Remember, with every difficulty there is ease"*¹⁷.- Quran [94: Verse-5]

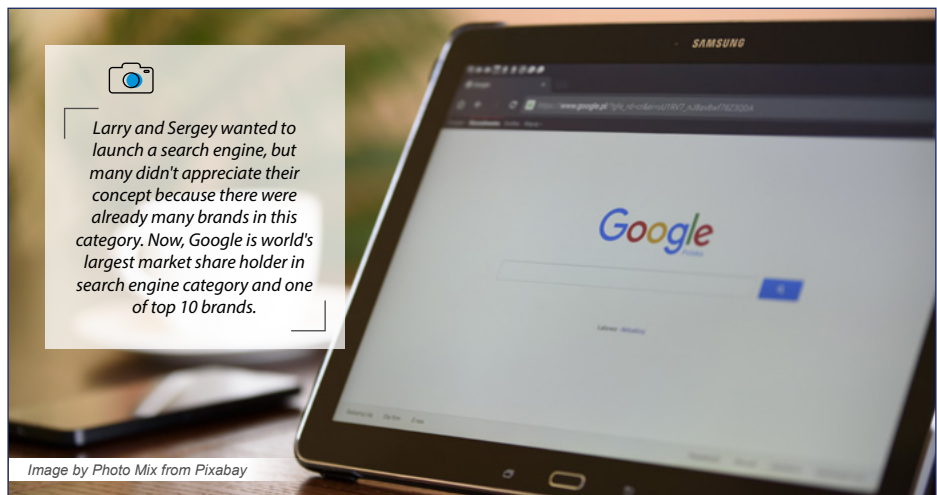
When Larry and Sergey said they wanted to launch a company, Google - a search engine. They were already 37th in market so people didn't appreciate their concept, but they still went with their idea. Now, Google is world's largest market share holder in search engine category and overall is world's second highest ranking brand in 2020¹⁸.



"Remember, with every difficulty there is ease"

- Quran Kareem

[Surat-ash-Sharh 94: Verse 5]



Richard Branson is a famous British entrepreneur who co-founded Virgin Group and from 1970 launched a large number of new businesses one after another. Currently, the group has wide variety of businesses and industries including entertainment, health & wellness, leisure, space, telecom, technology and travelling.

Entrepreneurship and Pakistan

Unemployment in Pakistan in 2020 is estimated at 6.1% of population that is 1 crore 30 lac people¹⁹ are seeking jobs. According to UNDP report Pakistan needs to generate at least 1.3 million (13 lac) jobs each and every year²⁰. Entrepreneurship provides a solution to reduce this unemployment as mindsets of launching own businesses



Entrepreneurship "has nothing to do with genes. It's a discipline, and like any discipline, it can be learnt."

- Peter Drucker (2005)

have not been developed despite the fact that opportunities exist.

Zameen.com was launched by two Pakistani brothers in 2006. Seven years later in 2013 Urdu version of website and then in March mobile version was launched.



© A S Q / Shutterstock.com

PriceOye - Two brothers Adeel Shaffi and Adnan Shaffi found an opportunity of online price comparison so they created PriceOye in 2015. Over 1 million (10 lac) views every month are observed. They've both been listed in 2018 among 30 under 30 list of Forbes²¹.

YoFit came up with a simple idea of connecting all gym service providers and allowing consumers to utilize fitness facilities on hourly basis by paying only for the amount of time they use it. It was launched by a fresh university (UMT) graduate Abdus Samad²².

Various other ideas of successful entrepreneurs can be found like Sabzi.pk etc.

Entrepreneurial Mindset

Characteristics of Successful Entrepreneurs

Primary reasons why people start their own companies are often willingness to be their own boss, being passionate about a business idea and sometimes also to seek financial rewards. Some of the entrepreneurial firms are also based on lifestyle, such as being a consultant or a tour-guide.

Innovation may require resources as people, equipment, knowledge and money but it also needs capability, and this last one is hard to get. Following are often the skills and abilities of a person who can be a good entrepreneur

1. **Passionate** for business and ambitious, has higher need for achievement

2. Able to take **initiative**
3. **Perseverance**: Be consistent despite failure
4. Often have good **people's skills** (Emotional Quotient) and business sense as they are able to seize opportunity and solve problem
5. **Independence** – They have higher locus of control, a desire to be own boss. They prefer to be in control of their own fate.

These are just some of the key attributes, besides following are also found in most successful entrepreneurs: Being visionary, they are more future oriented and sacrifice short-term gains for long-term rewards, they are creative, disciplined and flexible (able to handle uncertainty).

The Habits of Highly Successful Entrepreneurs

THE HABITS OF HIGHLY SUCCESSFUL PEOPLE

TO GET THE MOST OUT OF EVERY DAY, KEEP A **STRICT SCHEDULE**

Ben Franklin
Founding father, scientist, inventor, farmer, political revolutionary

SET A STRICT DAILY ROUTINE
of eating, sleeping, and working

Followed 13-week self-improvement plans where he focused on one virtue per week and cycled through the plan 4x a year

SCHEME	
WISDOM	1-7: Plan, work, and achieve. Pursue that knowledge, literature, and habits, and take the moderation of this day, previous to your study, and freedom.
ORDER	8-10: Work.
TEMPERANCE	11-1: Read, reflect, and say prayers, and sleep.
STRENGTH	2-5: Work.
REVERENCE	6-9: Eat, drink, and sleep. Be sober, kind, and courteous. Consideration of the day.
JUSTICE	10-4: Sleep.

Elon Musk
Founder, CEO, SpaceX and Tesla Motors Corp., worth \$12.1 billion

Schedules his entire day IN 5-MINUTE BLOCKS

Squeeze the most out of every day by thinking logically

SCHEDULE	
Mondays & Thursdays	SPACEX
Tuesdays & Fridays	TESLA
Fridays	SPACEX TESLA

Mark Zuckerberg
Co-Founder, CEO, and chairman of Facebook, worth \$55.8 billion

Wears the same t-shirt, pants, and hoodie EVERY DAY

Minimizing day-to-day choices by making as few decisions as possible leaves time for the most important ideas

The Habits of Highly Successful Entrepreneurs.

Myths about Entrepreneurs

There are many misconceptions about entrepreneurs. For example, some people assume that entrepreneurs have to be inventors. An inventor manages to solve only one problem, while an entrepreneur is able to see the whole picture from invention to converting it into a business. Another misconception is that entrepreneurs make profits only at other's loss, at the cost of some other company. This is also a wrong mindset as one must think win-win. Following are some major myths about entrepreneurs:



Triggering Event:

An impactful event such as losing a job or receiving a sarcastic comment from someone that makes an entrepreneur out of an ordinary employee.

1. Entrepreneurs are born not made

Any impactful event that makes an ordinary person an entrepreneur is called as '*triggering event*', such as losing a job or receiving a sarcastic comment from someone. Famous example is of Lamborghini that was once known as a tractor manufacturer. Ferruccio Lamborghini became wealthy through his tractor business and owned several sports cars. He was a fan of Ferrari that was a top-class name in luxury sports cars in 1960s. However, when he met Enzo Ferrari (the founder and then CEO of Ferrari) and shared that he had some complaints with the car as noisiness and bumpy feel on road, then his complaint wasn't well received. Instead Enzo Ferrari responded that he doesn't need advice of a tractor manufacturer²³ and that problem is not with car but with driver²⁴. As a result Ferruccio decided to launch his own sports car and as a result within years it started rivalling Ferrari. As a matter of fact it often exceeds in terms of both speed and price over Ferrari. Such an event is called a triggering event that reshapes a person's future.



How behaviour of Ferrari resulted in Lamborghini! An example of a 'triggering event'.



Photo by Dylan Pirozek on Unsplash



Photo by Dylan Pirozek on Unsplash

A similar case was also behind birth of Al-Madni Hotel (although it doesn't provide accommodation but naming a restaurant as hotel is quite common in Pakistan), whose founder was once an ordinary employee at a petrol pump. In five years because of his honesty, he was made manager. One day his guests came and he ordered food from a nearby hotel, who delayed it a lot and when inquired said, 'if you are in so much urgency then you should open your own hotel'. This sentence literally stuck him and he actually launched his own hotel on GT Road between two cities of Gujranwala and Lahore.

Eureka is a Greek word meaning "I've found it". The term '*Eureka moment*' is used for the moment when a person realizes an idea, or gets an insight. Although, in reality entrepreneurial ideas are more developed over time. Many people assume that innovation is an individual act, although it may be true occasionally but mostly an idea is improved overtime through input from several people. Innovation is a multiplayer game. Even Thomas Edison the inventor of light bulb and several hundreds of others didn't do it all alone, but he hired a team of young people from diversified backgrounds and provided resources as books and labs and a forum to brainstorm ideas. Result was what we know today as one person's inventions.

2. Entrepreneurs are gamblers

Most entrepreneurs take moderate risk. Since entrepreneurs shift resources and try something new therefore a certain risk is associated with it. Since, most people don't even take this much risk so they assume entrepreneurs to be high risk takers or gamblers.

3. Entrepreneurs are motivated primarily by money

Many non-graduate people became entrepreneurs like Bill Gates, Steve Jobs, Walt Disney and Soichiro Honda to name a few, however, not everyone quitting a university is going to become a successful businessman or a billionaire. Road to success is not a bed of roses, especially the initial years require tremendous effort and commitment and the reason why a large number of people just opt for a simple job to avoid that hassle.

4. Entrepreneurs should be young and energetic

Life cycle also influences as it is a lot easier for a young unmarried person to take risk of a new venture especially if he is already jobless. On the other hand a person in his 40s

Entrepreneur Magazine

Check Entrepreneur website for inspirational articles and ideas:
<https://www.entrepreneur.com/>



Eureka Moment:

Sudden realization of an idea, or discovering something or getting an insight.



"You can't make an omelette without breaking eggs" - and you cannot innovate without taking risks."

- from the book Innovation & Entrepreneurship by Bessant & Tidd

with college going kids and their fee expenses and a secure job would be least interested in such a venture that may get into trouble. It is true that all across the globe mostly young people from age of 25 to 34 launch own businesses. After this age the percentage of people willing to quit job for start-up declines but still a decent chunk of new business owners also come from 35 to 45 year old as people have often acquired experience by this time and many ideas come from experience.

There is also a trade-off between young and energetic person versus an experienced one.







Major pitfalls faced by young entrepreneurs.

Source: Info and design by Visual Capitalist.
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The Major Pitfalls Faced by Young Entrepreneurs

ROOKIE MISTAKES			
			
Keeping Secrets	Unqualified Employees	Not Sharing Power	Mixing Personal & Business Finances
Don't share a business idea for fear others will hate it or steal it Only way to know if a product has legs is to talk to experts and potential users	Hire best friends who don't bring new knowledge to the table Young entrepreneurs have boundless enthusiasm, but they still need expert advice	Micromanage every aspect of the business It's okay to relinquish some control to more experienced people	Get too many loans or ask parents to take out a second mortgage Entrepreneurs or loved ones are financially responsible if the business fails

While experience has its own benefits but sometimes it also makes a person pessimistic as he has seen lots of issues too and is no longer motivated to bring change. A good combination is a mixture of two. It can also be obtained if a very young person starts his own business to gain experience. It was the case with Elon Musk who developed and sold his first videogame at age of 12²⁵. He then made a company PayPal in 1999 that was sold to eBay for \$180 million. Furthermore, he started a space company SpaceX in 2002 and car company Tesla in 2003 for both he is CEO. Forbes has listed him as one of world's most powerful people in 2018²⁶ and one of the richest person's in the world, ranked at number 23 in January 2020²⁷.



Elon Musk developed and sold his first videogame at age of 12, then made a company PayPal. He started a company SpaceX in 2002 and car company Tesla in 2003 for both he is CEO. Forbes has listed him as one of world's most powerful people in 2018 and one of the richest person's in the world.

Photo by Bram Van Oost on Unsplash

5. Entrepreneurs love the spotlight

Most entrepreneurs are unknown and barely want to be seen on media. A large number of people launch their own business because of freedom from other job, so that they are not answerable to anyone else. Very few are motivated primarily by money.

Reflection

- What is your passion? Is it convertible to a business opportunity?
- What ideas can you think of from your own experience? How'll you improve it?
- What ideas you can come up with based on your family (close relatives) work experience?
- What does your teacher envision that you would be successful in? What strengths and weaknesses your family and mature friends see in you?
- Which of your personal attributes might help you succeed as entrepreneur? Which attributes you need to enhance or develop?

Corporate Entrepreneurship (or Intrapreneurship)

A company can also be entrepreneurial by encouraging attempts to try new sub-businesses. People who are employed and come up with new business ideas for their company are called intrapreneurs. In this regard all firms do fall on a certain entrepreneurial spectrum from highly conservative to highly entrepreneurial. The degree of their openness to new ideas for businesses is called entrepreneurial intensity. Entrepreneurial Firms are more proactive, risk taker and innovative while conservative firms take 'wait-and-see approach', are risk avoider and less innovative.

Large firms have the advantage of utilizing economies of scale because of their size but large companies are also slow to react to environment, and prefer ignoring opportunities for change and innovation because they prefer avoiding risk.

Small companies have higher motivation and energy. They rely on collaboration and outsourcing to make up for their weaknesses. Small businesses contribute very heavily to economy. These companies can take risks that large corporations cannot. Most new jobs are also created by small start-ups.

Small firm, although doesn't has any agreed upon definition but European Commission created the now widely used term 'Small and Medium Enterprises' (SME) for companies with less than 50 employees, while 50 to 249 employees company is considered as medium.

For small companies a good idea is to offer limited types of products to limited number of customers. It requires lower investment and hence has much lesser risk so this strategy has an advantage in this regard. Large companies may alternately opt for more variety of products as in this way they can target a larger market.

Majority of companies fail because they do not notice and react to rising trends, because they are resistant to change and because they are busy in day to day life. These are the reasons that most companies have life spans shorter than that of a human being. Only few companies last for generations.

Recognizing Opportunities

An opportunity is a favourable set of circumstances that creates a need for a new product, service or business. Closely related concept is 'window of opportunity' that is a metaphor meaning that once market for a new product initiates then time starts during which it should be cashed, as more companies enter the size of this window reduces until it almost diminishes.

For an entrepreneur discovering own passion may help find an opportunity as it is often critical for an entrepreneur to enjoy what he/she does. See how many brands have come out of passions of owners, Supergiant Games owner's interest in videogames gave birth to this company. An ordinary person may treat hiking only as entertainment and wouldn't see any business possibility in it, but someone passionate in hiking may find opportunities in it such as selling of gears, travel services, tents etc.

Asking others to tell you about your strengths is a great way to know yourself. People who are closer to you, your parents and teachers or employers (if you've had any) may tell you what you may not have known or realized about your own self. While asking others, ensure that you only ask those who are sincere in their advice and have your well-being as their priority. It is because some people are very pessimistic by nature and if they only pin-point your faults and weaknesses then it may become discouraging for you too. Although in reality you should never be bothered by objections that hold no value, however, if someone is truly identifying a mistake of yours then actually that person is your true friend.

"To open a business is very easy; to keep it open is very difficult"


- Chinese Saying

Positioning Map

Positioning Map helps identify market gaps and may assist in ideas for new product development.

Gaining experience of relevant industry is very important. Most students would only pick up a job offer if it has even slightly higher salary. No one can deny the importance of money but if a person is passionate about launching a restaurant then it is better for him to work in one, even if he gets an option to work as waiter. Doing it on part-time basis for a few months will give him experience of consumer interaction, customer complaints, operations and so on so for. These things learnt from experience are priceless for someone who intends to have own restaurant in future. This knowledge is better than the higher salary offer. Many people nowadays are not visionary and hence do not understand it.

For a company a positioning map often helps identify the gaps in market and allows it to create products accordingly. Besides standard positioning map, a different variant of it



called S-shaped positioning map may also be used to see where new product should go.

Ways to Identify Opportunities

Following are some ways that may help identify opportunities:

1. Observing Trends

Having a look at the environmental forces i.e. PEST (Political, Economic, Social and Technological) often assists in finding opportunities. *Political* (or legal) factors provide chances to start new businesses. For example, in Pakistan duties on imported used cars increased in 2020 that has affected several dealers²⁸, this may provide opportunities for other transportation such as buses or cycles.

Economically, downfall may be a hint to launch businesses that help consumers save. *Social factors* such as people's interest in a particular product or lifestyle as becoming health-conscious may bring in room for brands that provide organic food. *Technology* is everywhere, from our mobile phones to computing systems, from our cars to smart-TVs, videogames to animation development each is now being done via some software. Corporations also have to keep track of their own inventory, customer data, human resources, factory automation and usually all systems are made up of software so its importance simply cannot be overemphasized. Some companies have now started using robots and even drones for delivering of products to customers, reducing human labour and utilizing technology. For example, Germany based DHL (international courier company) has partnered with Chinese EHang (manufacturer of autonomous aerial vehicles - AAVs) to start fully automated drone delivery service since 2019²⁹. This also gives entrepreneur opportunities in fields of robot making and AI (Artificial Intelligence).

Some new entrepreneurs assume that since their product idea is unique therefore they do not have any competition at all. While in rare cases it might be true but most of the time since every product fulfils a need, there would already be something people would be utilizing for need gratification. For example, if someone comes up with new drink then there would already be all other types of drinks that are 'substitute' products.

2. Solving a Problem

In many cases people became entrepreneurs by solving a problem as they thought the solution would help other

Use Technology to Help You Organize

Various apps may help you stay focused. For example, Sectograph is a good one to plan your schedules etc. Try it on PlayStore

Be Future Oriented

Akio Morita, founder and Chairman of Sony said that in UK CEOs are accountants while in Japan CEOs are engineers or scientists. How can an accountant seek out and grab future (innovate) when he is always looking at past (numbers)?

Reality Check

Although Jeff Bezos may have become the world's richest man for his entrepreneurial idea but it doesn't mean that every new venture succeeds. Be realistic in your hope and expectations from your own venture.

people too. Similarly, observing other people, who may be your customers (if you are a business company) or potential customers also reveals a lot. Companies may ask them questions about the types of issues they might be facing with the product, or in general in life as sometimes identifying opportunities simply involves noticing a problem and then finding a way to solve it. As they say that "Every problem is a brilliantly disguised opportunity". Such problems can be identified through intuition, serendipity, or change.

Example, Olson brothers were only looking for a way to stay fit in summer since they were ice-hockey players. Their problem of needing inline skates became a business, thus was born Rollerblades.

3. Finding Gaps in Marketplace

Another approach to find opportunities is identification of a gap in the marketplace. It is often possible when a product is required by some people only. As a result major brands don't target them because large enough population doesn't purchase it and so it is not financially viable for companies to opt for them. This provides a good chance for small entrepreneurs to avail it.

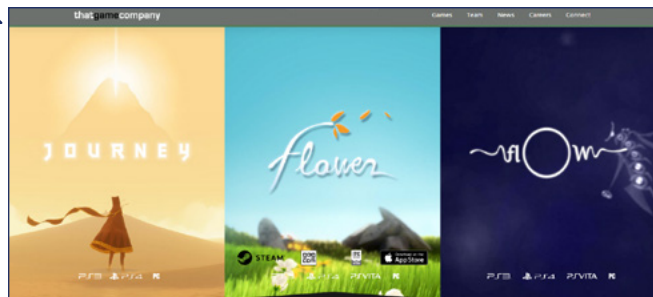
Rozee.pk realized that in Pakistan people find it difficult to get a job and companies had an issue in finding right people. So, they came up with the idea of online job hunt in Pakistan in 2007.


Another way to do it is that sometimes companies create a new category within an existing product and target a new market with it. Nintendo's Wii would be an example of targeting soft-gamers. Similarly, some video game developers realized that mainstream gaming is more on shooters but it leaves some people desiring tranquil games. Thatgamecompany is an American studio that identified this gap and filled it with soft games like Flow, Flower, Journey (a massive success of



In an era of shooter filled video games, one company TheGameCompany found a market gap of relaxing games and developed multiple titles to fulfil this need.

Image credit: Website of Thatgamecompany. Reprinted with permission.





and one of highest rated game of all time³⁰) and Sky in 2019. These provide a different gaming experience.

4. Entrepreneur's Experience, Intellect and Social-network


Prior experience in an industry is proven to be very helpful to an entrepreneur as observed by several studies. Underserved market niche are easily identified by an individual working in that industry. Moreover, working allows one to build a network of people that also provides insights that may help identify more opportunities. As a matter of fact a term called '*corridor principle*' is used for the fact that once an entrepreneur begins a company, he or she is able to find more opportunities just as a person entering a corridor would be able to see several doors.

Intelligence is something that some people are born with. It has been observed that some have a skill or ability considered a 'sixth sense' that they can find opportunities to initiate business while others cannot. This sense is called *entrepreneurial alertness* which is defined as "the ability to notice things without engaging in deliberate search".


Size of social network or extent and depth of a person's contacts also influences the number and chances of identifying of opportunities. Simply putting, people with more contacts usually find more opportunities. People with an entrepreneurial acquaintance have higher chances of becoming an entrepreneur themselves.

Strong Tie vs. Weak Tie Relationships: Our relationships with other people may be termed as either a weak tie relationship with whom we are usually just acquainted and on the other end a 'strong tie' like family, friends or co-workers with whom we interact very frequently and usually spend more time with. Surprisingly, it is found that people find more business ideas from their weak-tie relationships and lesser through strong-tie ones. Reason behind it is that mostly strong-tie relationships are formed with people with similar mind-sets so it is difficult for such people to think out-of-the-box. Since, people with weak-tie relationship are often of different preferences, so they can suggest ideas that may not have been thought of by us. However, entrepreneurial motivation often comes from close relative in the sense that watching him become an entrepreneur increases the probability of him becoming an entrepreneur as well.

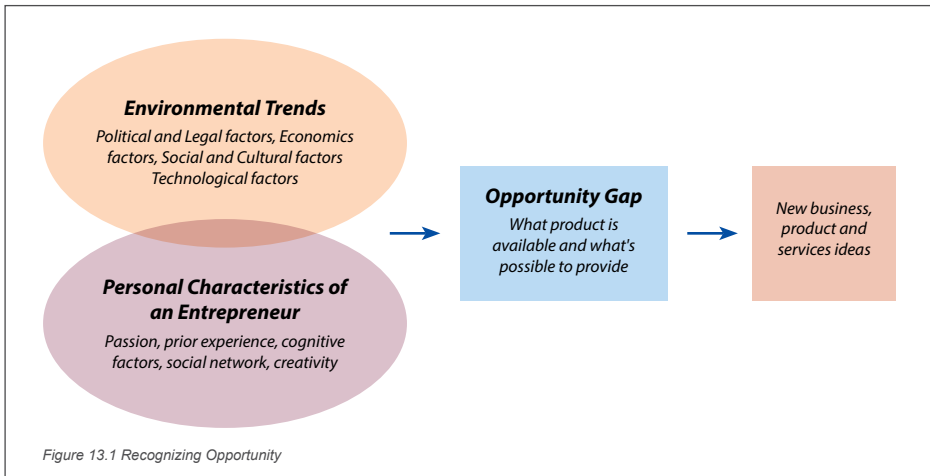
These ways of finding opportunities are shown in Figure 13.1.



Corridor Principle:
Once an entrepreneur begins a company, he or she is able to find more opportunities just as a person entering a corridor would be able to see several doors.



Entrepreneurial Alertness: *The ability to notice things without engaging in deliberate search.*



Generating New Ideas

In order to generate new ideas various methods are used such as *brainstorming*, a technique done in a group of people to discuss and generate ideas on a particular topic. In a brainstorming session some things should be kept in mind such as:

- There should be no criticism instead encourage wild ideas: It means that free thinking of ideas without any rules or restrictions
- Quantity: There is no need to develop any one idea and spend time on it, as quantity of ideas is the main focus at this stage instead of quality
- *Leapfrogging* should be encouraged: Develop on other's ideas. Using one person's idea to jump to other ideas.

Brain-writing is also a great idea as it allows everyone to write their thoughts on a paper first before any discussion begins. This paper is passed on to next person who comments or tries to improve the idea further. In this way original ideas are not discouraged at start and get a chance to blossom as every member of team/group gives their opinion in an attempt of refining it.


Libraries are an underrated source for development of new business ideas. Specific industries often have own magazines or journals that provide valuable information. Just type in new business ideas into any search engines as it'll lead to many newspapers and magazine articles. Many university



Brainstorming: A technique done in a group of people to discuss and generate ideas on a particular topic.



Leapfrogging: Using one person's idea to develop and improve it to get more refined ideas.



libraries have paid access to such databases that won't be affordable for a layman or a new entrepreneur.

People and New Products

Consumers and product - can one live without the other? Humans require products as these help fulfil their needs. To do well in market in long-term a business should focus on creating real value for customers and not just paper value for investors³¹. Nevertheless an entrepreneur must know the potential users of his new product, not just their demographics but their problems, passions and needs that this product shall fulfil. Attempting to catch all fish in the sea would be a disaster strategy. Thus an entrepreneur should know how to segment the market.

New product quality tests are also critical because if it doesn't perform according to customer's expectations then the newly developed product will fail at very start. Historically there have been many mistakes in new products, for example, a 'baby carrier' was developed by a company and it used to breakup because of weight. Similarly, an electronic microscope used to give shocks to the user because of design fault. Such problems are fixable but it must be tested and done before the product launch. There are multiple ways of testing, laboratory is one place but it may not capture the natural environment. So, sometimes experts are also contacted and provided sample products to gain feedback. Another approach is simply providing the product to limited number of potential buyers.

Let's take a look at some new product ideas, for instance 'Soul Cycle' is an American brand that provides 'indoor cycling' exercise to enthusiasts along with option of own timing and feeling of community. For further promotion they would offer a deal of inviting 3-friends for a free class. Another closer product is 'Treadmill Cycle', people would just walk on it and its technology converts that to a faster travelling, while at the same time it is also green for environment and good for customer's health and pocket as there is no gas (petrol) bill to be paid.

Future is almost always cloudy, whether it is an innovation or choosing a segment, it is difficult to know the outcome. A good example can be of world's fastest commercial airplane Concorde which was capable of going faster than sound thus creating sonic boom. It was a sample of engineering marvel and invention but a failed innovation commercially. Cost was

Innovation Idea Activity

Try thinking of new uses, or improvements in following products that may benefit more. For example, brick, a ball or anything else. Discuss in group and benefit from group discussion.

"A project is complete when it starts working for you rather than you working for it"

- Scott Allen

very high due to multiple factors such as supersonic flights were only viable overseas to avoid sonic boom disturbance in populated areas so very limited travel routes could benefit from it. Thus most airlines showed lack of interest in purchasing it. Its ticket price was 30 times higher than cheapest options available. Concorde was prototyped in 1969, operated commercially from 1976 to 2003. Another issue was that 30-years later its design and luxury appeal became outdated.



Concorde was world's fastest commercial airplane, capable of going faster than sound thus creating sonic boom. It was prototyped in 1969 and operated till 2003. It was engineering marvel but a failed innovation due to multiple factors including 30x ticket price.



Photo by Bram Van Oost on Unsplash

Volvo - the Swedish brand recently gave the concept of an autonomous car called 360c. There is no prototype developed yet but the concept is interesting as they say that it would be convertible to small home or office. Company believes it may replace bus, train and short-route air travel and perhaps even home. It also is a self-driving vehicle with no need of drive and hence no steering, thus giving extra space inside³².

Minor vs. Major Innovation

It is important to innovate everything from business models to product and services, relying on only product innovation is not sufficient. However, many people think of an invention or innovation as something that is dramatically life-changing. As previously covered in chapter-5 that this major type of innovation is called radical or disruptive but in reality innovation is mainly incremental that is a company keeps doing the business but keeps improving it. Entrepreneurship similarly has both these two different approaches. Sometimes it is totally a new thing, and most of the time it may be an existing product that an entrepreneur may refine or reuse in another, better way. Since change is consistent, therefore entrepreneurs are needed as they rediscover methods



Did you know?

- Ebay was founded by Pierre Omidyar (a Muslim)
- YouTube was co-founded by Jawed Karim who was also the first person to upload a video on internet
- Hazrat Dawood AS used to make double layered armour (zirra), an example of product innovation

of utilizing existing resources in new and more productive manner, thus help improve the society as a whole.

It is difficult to measure the impact of 'disruptive technologies'. Since, these technologies result in replacement of previous products and systems, there is some degree of elimination of older products. Nevertheless, maximum effort should be made to avoid any type of unnecessary waste. Although full measure of a new technology may not be possible but still it is very easy to measure the loss, as anything that doesn't contribute to learning is waste - it is the idea of a lean entrepreneur.

Technological Growth

Technological progress is nowadays growing at an exponential pace. As a result of technological advancement, a lot of new knowledge is being added. We have abundance of information available. As Richard Saul Wurman pointedly observed in his 1989 book *Information Anxiety*, "a weekday edition of *The New York Times* contains more information than the average person was likely to come across in a lifetime in seventeenth-century England". Technology is embedded in current generation's blood stream. For a lot of people their smartphone has almost become a part of body. This also brings another interesting concept called, 'technological singularity'. It refers to a hypothetical future point where technology starts growing so rapidly that it becomes uncontrollable for humans and irreversible as a result our civilization will drastically change forever. It could result in human enslavement as has been predicted by many and being hinted by current generation robots³³.

A video game 'Deus: Human Revolution' shows the concept of humans and machines connected like one, like 'technological singularity'. However, this also brings wave of terror as Artificial Intelligence may get out of control. A recent example was in 2017 when Facebook had to forcefully shutdown its robots as they started communicating with each other in a new language that they invented, and hence was un-understandable by humans³⁴.

Multifunctionality in products: It refers to multiple tasks being performed by a product. Nowadays a large number of needs are being fulfilled by the same product, e.g. printers with scanners, smartphone with lots-of-gadgets. As a result some products are being wiped out, as technological progress especially computing power, transistors and circuits are continuously improving rapidly. As a result even small items are becoming powerful. Even a product as important as calculator is dying because almost every phone and laptop has an inbuilt calculator.

Reasons for new products: Organizations may go for a new product because of one of many reasons such as:

- Sales, market share or financial goals: At times, a company intends to gain market share rapidly or need certain sales which might be possible through a new product, even if it is just line extension.
- Life cycle / decline of existing product: Sooner or later every product dies. So new products are needed.
- Technology or invention: A technological improvement such as smaller, more efficient chips may require product improvements.
- Material costs and availability: Raw material availability might fluctuate due to one factor or another such as shortage of milk or cotton in country. This may require new or alternate products.
- Regulation / government requirements: At times government may enforce or propose specific requirements such as low mileage cars, more environmental friendliness, less electricity consumption etc.
- Demographic and lifestyle changes: In Pakistan there is a lot of youth, so companies have an opportunity to develop products for them.
- Channel member or customer requirements: It is especially relevant in B2B transactions as one industry may require a specific type of product.

Despite large number of newly developed products consumers may have reluctance to new product due to many reasons, they may want to avoid change, or they may not be able to perceive advantages of new products. Even telephone (1876) gained acceptance at a very slow pace as people couldn't understand how voice can be transferred over a long distance.

Products and consumer ethics: Some people think that materialistic possessions can make them happy and associate themselves with products. TV and cellphones in particular play a major role in promoting materialism. These products and technologies have also resulted in some critical skills especially empathy and care for others. Many people when asked why they purchased a Toyota Prius replied that they want people to know that they care about environment.

Products and possessions are now becoming virtual - even avatars (digital representation of people) of people reveal their personality. Research however, has proven again and again that people high in materialism have lower life satisfaction and perform poorly in education and job. Similarly, internet addicted people have issues in emotions, decision-making and even self-control to the point that they also perform poorly in academics and work.

Chapter 13 **Epilogue**

KEY-TERMS



Entrepreneur: A person who finds a business opportunity, then collects all resources including people, money, business model and strategy to transform that idea into a running business. (p-405)

Innovation: It is transfer of a new idea into a good or service for which customers pay. (p-406)

Triggering Event: An impactful event such as losing a job or receiving a sarcastic comment from someone that makes an entrepreneur out of an ordinary employee. (p-410)

Eureka Moment: Sudden realization of an idea, or discovering something or getting an insight. (p-411)

Corridor Principle: Once an entrepreneur begins a company, he or she is able to find more opportunities just as a person entering a corridor would be able to see several doors. (p-417)

Entrepreneurial Alertness: The ability to notice things without engaging in deliberate search. (p-417)

Brainstorming: A technique done in a group of people to discuss and generate ideas on a particular topic. (p-418)

Leapfrogging: Using one person's idea to develop and improve it to get more refined ideas. (p-418)

Idea Generation

Marks: 10

Time: 60-90 minutes.

Group size: 3 to 4 maximum (Grouping with opposite gender is not allowed.)

Learning objective: In this class activity participants will think of problems and their possible solutions which may eventually lead to business opportunities and new products.

	Problem(s)	Solution(s) (existing products)	New Product / Solution
1			
2			
3			
4			
5			

Once a group has developed at least 15-20 solutions (four problems/product ideas per member) then brainstorm and pick the most preferred 5-products and create a table providing its details.

Philanthropists / Social Entrepreneurs

Marks: 10

Approx. time required: 3 hours

Read and share life of three philanthropists. Two to three slides/paragraphs per philanthropist, preferably one on life story, second on business development and last on philanthropy.

- Iqbal Ahmed Qarshi** / founder of Qarshi Industries / President of WWF, Pak www.amazingpakistanis.com/iqbal-qarshi.html
- Seema Aziz** / co-founder of Sefam / founder of NGO CARE Foundation educating over 146k students in 190 schools www.amazingpakistanis.com/seema-aziz.html
- Imran Khan** / founder of Shoukat Khanam Memorial Cancer & Prime Minister of Pakistan en.wikipedia.org/wiki/Imran_Khan

4. **Syed Babar Ali** / founder of MilkPak (now Nestle-Pak), Packages and LUMS www.nestle.pk/aboutus/nestleinpakistan/boardofdirectors/syedbabarali
5. **Shahid Khan** / \$6.5 bn / Pak-American www.brandsynario.com/11-things-you-didnt-know-about-the-richest-pakistani-born-man-shahid-khan/
6. **Alimah Sobia Kamaluddin** / founder of Zaynab Academy www.zaynabacademy.org/academy/about
7. **Prince Waleed Bin Talal** www.bbc.com/news/world-middle-east-33353370
8. **Fazle Hasan Abed** (founder of BRAC, world's largest NGO with 110k+ employees) www.theguardian.com/global-development/2015/jul/02/brac-sir-fazle-hasan-abed-wins-2015-world-food-prize-reducing-poverty
9. **Sulaiman bin Abdul Aziz Al Rajhi** (co-founder of Al-Rajhi Bank, one of world's largest Islamic bank). <https://rf.org.sa/en/main-page/541>
10. **Pierre Omidyar** / Founder of e-Bay / French-born American Muslim / born 1967 / \$12 bn <https://www.forbes.com/profile/pierre-omidyar/?sh=39896c0066da>
11. **M. Yunus** / won Noble Peace Prize in 2006 and founded Grameen Bank to give loan to poor en.wikipedia.org/wiki/Muhammad_Yunus
12. **Azim Hashim Premji** / Indian / 5 bn / born. 1945 / Chairman of Wipro <https://economictimes.indiatimes.com/topic/Azim-Premji>

Social Entrepreneurs

13. **Jawed Karim** / co-founder of YouTube / born 1979 / German-American Muslim en.wikipedia.org/wiki/Jawed_Karim
14. **Neelofa** / Founder of Naelofar Hijab <https://www.forbes.com/profile/neelofa/?sh=4a49d2466d22>
15. **Salman Khan** (educationist) / American muslim, founder of Khan Academy / born 1976 en.wikipedia.org/wiki/Sal_Khan
16. **Shahid Afridi** / Founder of Shahid Afridi Foundation / born 1975 / Retired cricketer / One of world's top twenty charitable athletes. <https://tribune.com.pk/story/939134/shahid-afridi-among-worlds-top-20-charitable-athletes>

Public Private Partnerships (PPP)

Submission type: Slides (create one slide for each question; add relevant pictures on at least a couple of slides for enhanced presentation impact)

Section-1: www.youtube.com/watch?v=WYoXWNm62Zw [10min]

- Q1.* What is meant by PPP? What are different types of projects on which PPP can be applied?
- Q2.* In 'financing' how traditional and PPP models differ? Explain with example of a 'road construction' as in the video.
- Q3.* How 'duration' varies in PPP?
- Q4.* How 'output and input' difference requires innovation. Elaborate with example of air passengers.
- Q5.* Who bears 'risk' in PPP vs traditional?
- Q6.* What are some of the advantages and limitations of PPP? (share any two each and explain briefly)

Section-2: www.youtube.com/watch?v=3h_PEVu6Wlk [4min.]

Just watch first two minutes and answer the following:

- Q7.* In first minute five statistics are shared about various basic necessities that people don't have. Which of these 'facts' is most striking for you and why?
- Q8.* World population is around 7.5 billion (2017 estimate). What percent lacks access to natural gas used

for cooking? What percent doesn't have clean water?

Q9. What can be done? How to remove/reduce this deficiency?

Scavenger Hunt - Entrepreneur

Marks: 10 (2-marks each question)

Time: 90 minutes.

Learning objective: In this class activity participants will explore and learn from some renowned Entrepreneurs as well as gain tips and inspiration for better life.

1. Steve Jobs and the Seven Rules of Success (article) [620 words. Reading time: 5-10 min.]

Link: www.entrepreneur.com/article/220515/both

- Why is it important to make connections?
- Why did Steve Jobs reduce the products from 350 to only 10, instead of launching more?
- What is meant by 'putting a dent to the universe'?

2. Seven Benefits of Entrepreneurship for a Muslim (article) [670 words. Reading time: 5-10 min.]

Link: <http://hayatimagazine.com/faith/seven-benefits-of-entrepreneurship-for-a-muslim/>

- Out of these seven points which three appeal the most to you and why? Elaborate in detail.

3. First Jobs of Self-Made Billionaires (video) [1 min. video]

Link: <https://www.youtube.com/watch?v=JU7nuGnkfb4>

- Who is Jeff Bezos and what was his first job?
- What was Dell's first job?

4. Warren Buffett's Advice to Students (video) [5 min. 21 seconds video]

Link: www.youtube.com/watch?v=Xu3xtnXZy84

- List down 8-10 attributes of person you'd like to invest in (hire).
- List around 8-10 attributes of a person people avoid.
- How can you develop these good habits and avoid bad?

5. Business Simulator (game) [5 to 10 minutes]

Link: www.crazygames.com/game/business-simulator

Note: Play it till you 'create fourth business' (Air company), you should be done in 5 to 10 minutes. Do not invest in stocks as this game has flawed system much like gambling.

- Share any two points relevant to business that you learnt/discovered while playing it.

6. Slide Development (also viva and/or presentation may be added by instructor)

Suggested format:

- Slide-1: Introduction of activity and group members
- Slide-2 to 5: Each on one portion/question of scavenger hunt
- Slide-6: Closing.

Optional (+1 bonus point)

Share the best quote / learning you had from this activity on social media and insert a snapshot of it in your slides :)

Entrepreneur Magazines

Marks: 10

Approx. time required: 2 hours

Source-1. <https://islamabadmagazine.com/> (5 marks)

It is a Pakistani magazine that has info about Pakistani Entrepreneurs etc. Browse its website and provide summary of any one or two articles of your interest. [250+ words]

Source-2. <https://www.entrepreneur.com/> (5 marks)

This magazine and its website contain lots of valuable content from ideas to motivational articles to success stories. Go through it and choose any article that you like and share your understanding from it. [250+ words]

Optional: <https://www.entrepreneur.com/topic/business-ideas>

Browse and see which ideas appeal you.

Learning Outcomes: Purpose of this assignment is to allow participants to have awareness about two magazines relevant to Entrepreneurship, one Pakistani and other international, so they may explore these and gain some useful insight and knowledge.

Story of an Entrepreneur (Self-Made Billionaire)

Marks: 10

Approx. time required: 2-3 hours

There are two types of billionaires: those who inherited wealth and those who earned it through their own hard-work. Out of 400 Forbes richest two third i.e. 266 people have built their fortunes from scratch through efforts. Read real life stories of any **two** entrepreneurs that inspire you and rewrite in your own words. [300+ words each]

You can find a few from following link:

<https://www.moneycontrol.com/news/world/here-are-the-top-10-self-made-billionaires-who-started-with-nothing-2521591.html>

OR

<https://www.businessinsider.com/the-25-richest-self-made-billionaires-2015-6>

Start a Business with no Cash

Marks: 10

Approx. time required: 2 hours

While most people often assume that it is impossible to start a business without money, they would often complain that since I've no money therefore I cannot do any business. In this regard, many entrepreneurs have started with zero capital and have built empires. By some search many such articles and videos can be found that provide tips on how it can be done. Either search any article or video of your own choice just go through one of the following links. [500+ words]

Q1. Watch this video and share your understanding and lessons that he shared. [250+ words]

<https://www.youtube.com/watch?v=x-427t5C5TY> [8min.+]

Q2. 7-Ways It shares seven ways of starting a business with zero cash. Watch it and elaborate in your own words. <https://www.youtube.com/watch?v=nP9h5m8FCjI> [20min.] [250+ words.]

OR pick up any article on similar topic and summarize it in [250+ words.]

Entrepreneur Videos

Marks: 10

Approx. time required: 2-3 hours

Search the internet for videos on entrepreneur, share any **two** that you like and briefly explain what happened in the video and why you like it?

Note: You may opt for one long video of **8 to 10 minutes** or alternately two short ones. [500+ words]

Entrepreneur Interview

Marks: 10

Approx. time required: 2-3 hours

You need to interview an actual entrepreneur/founder for this assignment. the goal of the assignment is to understand the experiences, motivation, and lessons learnt by someone who have founded a business before.

You can choose anyone who has previously founded a new venture, the only restrictions are that he/ she cannot be one of your Entrepreneurship class colleagues nor one of the class invited speakers, nor an entrepreneurs already interviewed by one of your colleagues. You can choose an entrepreneur from your own circle of friends and family contacts. However, it is more useful if you use this opportunity to establish a new relation with an entrepreneur in an industry/area that you are interested to pursue. This will allow you to extend your network of contacts and even win a mentor to help you with your entrepreneurial projects.

You can include other topics that you feel are relevant but please address the below points:

- 1- **Entrepreneur information:** Name, Nationality, Gender, Age, Background, etc.
- 2- Name, date of founding and brief **description of the founded company.** Does it still exist?
- 3- **Founding story:** why this venture, why that particular time, what motivated to make the leap? Who helped in the process? What were the entrepreneur's greatest fears and desires?
- 4- What were the most surprising things and most important **lessons learnt about founding and running a company?** What were the greatest difficulties?
- 5- What were the **key reasons why the venture succeeded or failed?**
- 6- How important (if at all) was the entrepreneurs' skills at building relationships (e.g. with potential customers, investors or suppliers) for the success / failure of the venture? If s/he were to give you two tips for **effective relationship building skills** what would it be?
- 7- What were the most important **personal lessons learnt** by the entrepreneur?
- 8- At the end, please add a paragraph describing the **two most interesting or useful take-away for you from this interview.**

Analysing Pakistani Start-ups

Marks: 10

Approx. time required: 2-3 hours

Various Pakistanis have launched businesses that attracted a lot of investment. In this regard go through the following three articles:

<https://www.techjuice.pk/13-pakistani-startups-that-raised-investments-in-2016/>

<http://www.dawn.com/news/1222661>

<https://tribune.com.pk/story/1019871/pakistans-top-start-ups-for-2015-and-2016>

Then pick any **three** businesses that you find interesting and attractive. Go through their websites (insert snapshot of each website) and provide a 250+ words write-up on each.

Your write-up may include but should not be limited to your analysis, comments, observations and any concept that you find applicable, e.g. which market gap or opportunity they found? How they identified it? How you think they can expand further?

Chapter-14

Business Plan

- 1 Feasibility Analysis
- 2 Business Plan
- 3 Business Model
- 4 Raising Finances
- 5 Presenting a Business Plan
- 6 Building the Founding Team

Learning Objectives

After reading this chapter you should be able to:

- Understand what is feasibility analysis
- Know the importance of a business plan
- Understand what is a business model?
- Know how to raise finances for a new startup?
- Know how to build a founding team?

“

- H. Stanley Judd



"A good plan is like a roadmap - it shows the final destination and usually the best way to get there".

”



Watch Lecture Video in Urdu (اردو)

<https://youtu.be/YQPKBDj866Q> [29min.]

Opening Scenario: Different Business Plans and Models



Image by Free-Photos from Pixabay

PakWheels focuses on connecting online searchers of car and motorcycles, while car dealers perform similar tasks with a physical store. Zameen.com helps in sales and purchase of property while dealers also perform same task in offline method. An HDTV showroom gains revenue from sales of its TVs. On the other end Daraz and other online retailers have to focus on a large number of categories. Same would be true for superstores. Each company has

its own product categories and even business model.

Sunrun is an American solar panels company that also utilized a different business model but offering purchase of solar panels on instalments. Many people otherwise found purchasing a solar system expensive so what



Photo by Science in HD on Unsplash

Sunrun did was that it installed it first so that consumers get rid of the electricity bills and alternately paid the instalments only, eventually they own the solar system with lesser hassle.

Michael Dell purchased his first computer in 1980 and took it apart to understand its components, within 3 years he launched his own company with mere \$1000 (approx. Rs. 1.6 lac), then he secured \$300,000 through his family. He used a different business model as he trimmed the layer of middle-men and directly supplied to customers while at that time all other computer manufacturers were relying on traditional distribution system. Today Dell is one of leading brands and manufacturers of computers in the world.

Zipcar has a unique way of providing travelling services. They provide car-sharing service. A person can drive a car available near him by choosing specified hours. As a matter of fact if such businesses expand then fewer people would be owning cars if the need to travel would be fulfilled like this

at a larger scale.

Newspaper industry had issues upon start of digital era and as a result they now earn a lot less of advertising revenue. Many had to shift their business models to a combination of print with online. People's health consciousness has invited brands like Subway that offer fresh and safe fast-food. On the other hand other food brands have their own specialities such as Pizza Hut's pizza, McDonald's burger, KFC's chicken pieces etc. Although all companies are in fast-food business but each is growing because of their own method and approach.

Questions:

- Q. What is the purpose of a business model? Why is it important?**
- Q. What elements are included in a business plan?**



Photo by Szymon T2455 on Unsplash

Before proceeding with business plan and model, it is advisable that the business 'idea' is tested. For it a 'feasibility analysis' is recommended of important dimensions, such as of product, industry & target market, organizational capability and finances.

Feasibility Analysis



Feasibility

Analysis: It is the first evaluation of the idea to gauge whether idea is worth pursuing.



"We are here to put a dent in the universe. Otherwise why else even be here?"

- Steve Jobs

Feasibility analysis is the first evaluation of the new business idea to gauge whether it is worth pursuing or not. In order to analyse whether a business idea is workable or not, a feasibility analysis is done.

Completing a feasibility analysis requires both primary data (first hand information directly/personally gathered) as well as secondary data (already published research that may be acquired/purchased). In order to conduct an effective feasibility analysis, an entrepreneur should hit the real potential customers for primary data, as it can help a lot. For example, if children's toy is to be launched then entrepreneur may want to spend time watching a child play, perhaps even visit day care centre for a few hours. Secondary data might provide valuable information such as product demand and market trends, as lots of information is readily available on various forums.

Components of a Feasibility Analysis

Feasibility analysis tests a new idea, it also allows to revise, improve and change it. There are four broad components of a feasibility analysis:

1. Product/Service Feasibility

In this phase it must be evaluated whether the product or service being offered would be desired by the customer. It is best to directly conduct survey of customers to be sure whether they need this product or not. It should be done before the company plans to manufacture the new product.

An entrepreneur should ask himself questions like, is this product making any sense? Will it excite the consumers? Is there any environmental trend that will support the product? Is the product solving a problem or filling a gap in the marketplace? Is the timing of launch ideal for this product? Are there any issues in the product design or concept?

An entrepreneur should go for a concept test that is showing a description of the product to potential customers for

Social Entrepreneurship - Slum Schools in Faisalabad

Check following articles for details:

1. <https://propakistani.pk/2017/01/18/pakistanis-slum-school-teaches-unprivileged-children-faisalabad/>
2. <https://nation.com.pk/12-Oct-2017/faisalabad-s-slum-school-a-wonderland-for-unprivileged-children>
3. <https://www.geo.tv/latest/206390-faisalabad-slum-school-uses-solar-power-to-run-night-classes>

their feedback. A *concept statement* is a one page description which consists of product, its target market, reason(s) why people would buy it and the management team behind it. Sharing this would help to know the sense of product/service and possibility of its acceptance in the market. It may also help improve the idea because 'tweaking' the idea is very important.

Short survey to attach to the concept statement:

1. List at least three things that you like in this product
2. Provide suggestions for improvement of this idea - at least three
3. Do you think product idea is feasible (realistic/viable)?
4. Provide suggestions and comments that you think might be helpful (any other comment or criticism)

'Buying intentions survey' is used to know whether a customer would be interested in buying the product or not. It contains 'concept statement' and also has a short survey asking to what seriousness they might be interested in buying it. For instance, it may contain a question, would you like to buy the above mentioned product? Then following five options may be provided:

- i. Not interested in buying
- ii. Unlikely to buy
- iii. Unsure
- iv. Likely to buy
- v. Definitely would buy.

This research can also be conducted by using some online tool such as Survey Monkey. Just a few questionnaires filled may be sufficient for this phase.

2. Industry and Target Market Feasibility

Industry consists of all those firms that are producing similar products. Industry feasibility requires complete analysis of the overall industry, its dynamics, its growth and its trends. A PEST and Porter's Five-Force analysis are two great tools to help in this regard. An attractive industry is usually young and is in growing phase, is less crowded and has higher operating margins. It is important to know whether these forces and trends are in favour of the industry growth or are against it.

Target market attractiveness: The main challenge is to find a large enough market to provide reasonable profit. Industry analysis is relatively easy but consumers are more volatile so this makes finding attractive target market more difficult.



Concept Statement:

It is a one page description which consists of product, its target market, reason(s) why people would buy it and the management team behind it.

Entrepreneur or other founding team members must have understanding of the market where they are planning to launch their product.

3. Organizational Feasibility

It is a process to determine whether the management is capable enough and has sufficient resources to launch this new proposed business. Here the focus is on non-financial resources such as good team that is passionate and competent.

'Resource sufficiency' as the name signifies is an evaluation of whether the entrepreneur has enough resources to start this venture. In it nonfinancial resources are very critical:

- Having an office or lab space (in many cases new businesses start from home)
- Government support
- Availability of quality labour and employees
- Access to customers and suppliers
- Probability of building favourable partnerships
- Closeness with similar companies and their readiness to share knowledge
- Obtaining and protecting of intellectual property

4. Financial Feasibility

Its purpose is to know if company has enough finances for the startup and what are the expected returns. It is recommended that basic financial reports are made such as 'balance sheet' and 'income statement' and it is estimated how much profit is expected in first 3 to 5 years.

Business Plan

The purpose of writing a business plan is to allow the entrepreneur to learn in detail about each and every aspect of business. A *business plan* is usually 25-35 pages long describing what the new business aims to accomplish. Writing a business plan too early is not wise so waiting for a few days to let the idea develop and then writing it down at midway is most effective. Writing the business plan itself also takes some time, perhaps a couple of weeks. While writing it the entrepreneur gets to know about the operations and industry, specific details of the team members required and of course the customers. In practicality a large number of ventures do not actually follow the business plan but the



Business Plan: A multiple pages detailed describing of what the new business aims to accomplish.

learning from writing the plan helps a lot. An entrepreneur should be prepared to spend twice the time, effort and investment than originally anticipated. Hence, while making the business plan they should know if they will have the time and money in case if any unforeseen contingency arrives.

A number of people who want to start a business do not draft a business plan and the reason that they have is that they are too busy to write it. Fact is that without a written plan businesses fail miserably. They claim that they don't have time to write a plan is same as they don't have time to launch a well-researched business. Time and effort spent in planning stage is highly beneficial for the business as it allows to have a deeper understanding of the entire business model.



Image by Goumbik from Pixabay

Some people assume that business plan is only for attracting investment but it is not true. Prime purpose of plan is to let the entrepreneur learn himself. An entrepreneur has to be like an explorer, who searches and considers all possible outcomes, develops the business plan accordingly. Also, entrepreneur must write the plan him/herself. Some people are tempted to share the idea with someone and then ask them to write the details. Actually, writing the business plan is the first step to becoming an entrepreneur as it tests your commitment. Allocating this responsibility to someone else is like telling them to do the business. Similarly, entrepreneurs must avoid using software packages that may develop this plan.

A business plan is utilized both inside as well as outside the company, hence it is a dual-use document. Internally it helps employees know clearly what the company intends to do and brings everyone on same page, result is more synergy towards goal. Externally it can be helpful in attracting an investor if needed, giving investor something to react to.

Since a business plan is not a line cut in stone rather it should be treated as a living, breathing document, every time an important information or insight is received then it must be amended. It is best to keep a track of all previous revisions as backup.

Planning Process

It begins from the moment idea comes to an entrepreneur's mind. As he shares it with his circle of family and friends and they start giving him suggestions, he is in the learning phase and can refine the business plan.

First he must write down the key points and share them with others so that the improvements are made. Then next step must be writing down a short summary of just a couple of pages and getting feedback preferably from instructors or practical people. It is best to have a mentor or two, preferably people of same field who have an experience

of launching own ventures. Eventually they may join his board of advisors.

A business plan must profile every involved individual, even the entrepreneur, his possible job details, management team or staff members and their roles and responsibilities, involvement with distributors, suppliers, board of directors and government should all best be documented. Also, profile of target market and how to approach them, what distribution and promotion methods are to be utilized, such things are to be covered. More thought out this plan would be, better shall be the chances of success so that possible loopholes or potential causes for failures are identified at this stage.

Types of Business Plans: A business plan is of three types, one is condensed form, usually written at initial stage, consisting of 10 to 15 pages. It also helps to know if investors might be interested. A second one is full business plan of about 25 to 35 pages. A third type is sometimes needed for internal employees, it is known as operational business plan and is detailed version, comprising 40 to 100 pages.

Outline / Structure of a Business Plan

A business plan must have a professional write-up and structure so that it gives a decent impression. Be careful in being creative or using fun elements while drafting a business plan, while keeping the mature business people in mind. Investors are mostly very busy so they need a document in which they can quickly find relevant information. A business plan should show motivation and passion of owner(s) along with facts and figures.

Although the pattern of a business plan is not very rigid and the entrepreneur may expand the areas that he is more comfortable with or even choose to omit some of the headings. However, it is advisable that these points should be there as most people especially investors are accustomed to viewing a business plan under proper headings.

In financing the most important things that a venture capitalist looks for are as follows and should be covered in an outline of business plan:

1. Cover Page
2. Executive Summary
3. Table of Contents
4. Industry Analysis and Customer Analysis
5. Description of Venture / Company and Product Detail
6. Marketing Plan
7. Product Design and Development Plan
8. Operations Plan
9. Organization Plan (Structure and Management Team)
10. Financial Plan (& Projections)
11. Appendix

1. Cover Page

Cover page must be very well formatted, preferably designed via a professional, if

one of the members knows how to use an advanced software such as Adobe InDesign or PhotoShop then utilize it. Picture of concept product must be present so that it is appealing to the reader. A cover page may contain, name of company, tagline, name of developer/founder/CEO, contact details including mobile and email, date and disclaimer.

Having a decent tagline that summarizes the business is a great idea. It may be placed in footer of the document as it'll help the reader refer to it to gain insight into essence of business.

2. Executive Summary

Executive summary is the most important part of entire business plan. It is especially written for executives who may be too busy to read the whole report. Many investors would first go through the summary only and if they are impressed from the summary then they would be asking for the complete report to read the whole business plan. An executive summary is a compressed version of the business plan. It should portray the main idea in almost one page. An executive summary comes at the start of business plan but it must be written after the whole document has been drafted, only then would it be truly comprehensive.

3. Table of Contents

It should contain not only the main headings but also sub-headings and any other important tables or pictures etc.

4. Industry Analysis

Purpose of this section is primarily to identify the growth prospects of the industry. History shows that most businesses that are in growing industries flourish easily. We can see the examples from past that with the boom of technological industry as computers became popular in 1980s so all brands and companies relevant to it like IBM, Intel and Microsoft also blossomed. Similarly, in 1990s internet came and so most digital companies like Google, Facebook and Amazon grew rapidly and have emerged as the top-most brands.

Industry margins should also be mentioned in this part of report. Some products have limited margin but their high sales recovers the profit, on the other hand most luxurious products have high margins per each unit.



© Bloomicon / Shutterstock.com

One of the Founders Said

Every piece of free time we had we dedicated to business. We weren't ... with our friends anymore.

5. Description of Venture / Company and Product Detail

Details of business, its idea, company's mission statement (reason for existence) and milestones. If there are any accomplishments of company or the founding members then those can help sell your idea more interestingly.

6. Marketing Plan

Details of target market, customer's profile is very important. 4Ps and positioning in detail must be covered. See initial chapters for details.

Entrepreneurial marketing is different than an established company's because of multiple reasons. Primarily because an entrepreneur usually is short on cash and cannot spend much on promotional activities unlike an established company. Secondly, an entrepreneur doesn't have enough employees to hire a marketing manager, so he himself has to often design the entire marketing plan. In most cases an entrepreneur is marketing his/her idea to an investor instead of marketing the product to customers.

7. Product (or Service) Design and Development Plan

Product prototype is the first actual product and it is best to have it introduced here. In case the product is very complex and prototype is difficult to be made then have some visual representation of the idea. Although having a prototype makes a much more powerful case for two reasons. One, it is a lot easier to understand the product when a sample is available. Secondly, it also shows the seriousness of entrepreneur that he/she has gone through the hassle of getting a working prototype which means that this person is actually going to get things done.

It is also critical to mention why product will be purchased, what extra or unique benefit it has in comparison to the alternates or substitutes available in market today?

In case of a new product this section must be very detailed, because lots of technical issues may halt the manufacturing and hence could delay the launch of business. Overall risks and challenges that may come with relevance to product must be mentioned here such as amount of time required. It is quite ideal to have a timeline about the development of project ready. It can easily be done via a *GANTT chart*, that is a very simple tool that makes visual representation of a project convenient. There are various online resources that allow free making of GANTT chart such as <https://www.ganttproject.biz/> or <https://venngage.com/>.



GANTT Chart:

A simple tool that makes visual representation of a project convenient.



8. Operations Plan

It is the plan of day-to-day activities, as the details of how product will be made, how much time it will take, cost, payment from customer (advance or after product is provided)? From purchase of raw material till getting payment entrepreneur will be operating in negative cash flow which will be required to be managed somehow. The sooner payment is received the better it is for the business to be sustainable as it'll barely need any outside cash. As a matter of fact a number of new ventures fail because they fail to manage cash flows even though they have higher sales. Existing detail of factory/settings and future growth plan should also be covered here.

It must also include details of both 'backstage' activities and 'frontstage' that are not known by the customers and those that the customers are aware

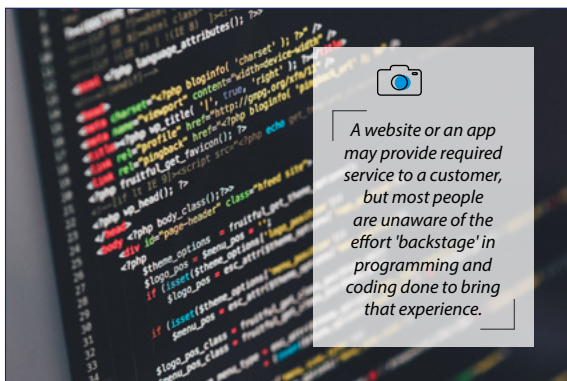


Image by Pexels from Pixabay

of, respectively. It may contain details of how various operations and activities would be performed.

9. Organization Plan (Company Structure and Management Team)

Most new companies at start have a total of few employees such as just 5 to 10 and every employee must be able to freely talk with anyone. However, as organization matures then it needs to form functional areas so everyone may work on his/her expertise. At initial stage it is wise to hire people who can 'wear many hats' because they may need to do variety of different tasks, perhaps design a product, talk to vendor, might need to even supply to customer and gather feedback etc. Over qualified people are recommended at this stage and usually hiring a professional who has been working in corporate sector for years may not be a good idea because that person may not be comfortable with this new company's culture of multiple tasks per person.

Some investors really like to know about 'organization plan' as they want to evaluate strength of management team. It must contain the organizational chart so that hierarchy is clearly defined and employees know their roles and responsibilities. A large company may need 'board of directors' and 'board of advisers' as well. Board of advisors are those people of the industry who have lots of experience and are willing to provide occasional guidance and help to the entrepreneur.

A company may be established as one of three broad types:

a. Sole proprietorship: It means that only one person owns the business and he himself is responsible for its profit and loss. The advantage of this ownership is full control of decision making and profits. Disadvantage is that all losses are also individual's own.

b. Partnership: It is an arrangement between two or more people who are joint owners and share profits. They may or may not have equal share. It has advantage over sole proprietorship because strengths and skills of more people are shared. Profits and losses are also distributed.

c. Corporation: It is treated as a separate legal entity. It is governed by a board of directors and this board is chosen by the shareholders. It is easier for a corporation to raise money.

Most ventures start as either solo proprietors or as partnerships and then some eventually grow to a corporation. If this is part of the entrepreneurs plan then it should be mentioned in the business plan.

10. Financial Plan (projections)

This part shares details of a company's expected financial performance in next few years (usually three or five). Important statements are 'income statement' (also called 'profit and loss statement', 'balance sheet' and 'cash-flow statement'. It is best that entrepreneur himself or some core team member knows how to develop as these are to be submitted to government on regular basis upon registration of the company.

Variable and fixed costs of the business should be known and how and when break-even is expected. Variable costs are those that change with respect to the level of production and output. These include raw material, wages and utilities. On the other hand fixed

costs are consistent irrespective of production or sales such as rent, salaries and depreciation (reduction in value of assets, mainly due to wear and tear, it is charged in accounts).

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After test marketing and launching a product, first two to three years in most cases for a new venture are only about survival. Once operations are smooth lined, company has refined the product and distribution methods then it may seek growth. A company can expand in many ways as have been covered in previous chapters, such as franchising, adding new products or moving to new markets or purchasing own raw-material supplier or retailer etc. All of this is dependent on company's own approach and budget. Some things are better outsourced as doing a task own self also brings intellectual responsibility, hence organization starts losing focus on its core strengths if higher management is mentally worried about each and everything.

Critical risks should be mentioned, even an 'exit strategy' may be provided so in case business doesn't do well, all stakeholders know how everything shall be dissolved and finances shall be returned.

11. Appendix

It may contain any other thing that may be deemed important such as detailed results of any research, charts or CVs of management team.

Business Model

A *business model* provides details of sources of revenue, customers and even sources of funding. It has to generate value for all stakeholders, it must give benefit to customers, employees, owners and even suppliers. It can be broken down into two parts, one is revenue model and other is cost model.

Revenue model: Suppose a person is planning to launch a

Annual Reports of Pakistani Companies

Check <http://www.annualreports.pk/listed-companies-pakistan> as it contains latest annual reports including income statement (also called 'profit and loss statement') to have an idea of overall revenue and cost models.

Team Exercise - Business Plan

Think of a new idea and develop a business plan in brief, covering all headings.



Adding CV of team members in the business plan is a good idea to show your qualifications and/or accomplishments.

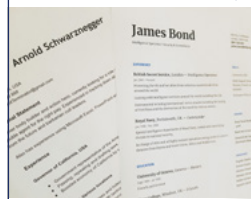


Image by Oli Lynch from Pixabay



Business Model: It provides details of sources of revenue, customers and even sources of funding.



Revenue model of a hostel will consist of all sources of income, it may be divided on basis of breakfast, lunch and dinner.



Image by Sabrina C from Pixabay

restaurant for residents of hostel, now his revenue model would consist of all sources of income. It can be divided on the basis of food and drinks or it can also be divided on basis of food types as breakfast, lunch and dinner. Although one of these categories may not be the main source of income and would contribute only a fraction of the revenue but this distribution allows company to understand the business and concentrate on more important points accordingly. For example, if research reveals that more students eat breakfast but majority skips lunch because of their class schedules then company can have more variety in breakfast to cater to their customer's needs.

Cost model: As the name suggests it contains all the broad categories of costs that a company incurs. Cost model can be read through income statement. It primarily has two parts, CGS (Cost of Goods Sold) and the 'operating expenses'. Again in the example of restaurant for students, major cost would be of raw material (food that would be purchased) then rest would be operating expenses as salaries of hired employees, or direct labour, rent and other utility bills. This cost model varies depending on the type of product. In case of a product as car CGS would be high but in cases of software there is a lot of initial investment but once a software is developed there is relatively much lower CGS.

Entrepreneurs with previous work experience often have an advantage because they understand the internal business models of companies. So, when they have to launch their own business, they know from where margins can be gained or from where they may want to change the business model.



Outsourcing: A firm's decision to purchase products and services from other companies.

Outsourcing: An entrepreneur is required to gather resources but it has to be done while keeping the costs low. It is best that at initial stage most of the work is outsourced and orders are only given on need basis, as focus has to be on being efficient and minimizing capitals and assets. For example, it is not wise to purchase a factory or machinery when a company can order products from various other sources for it. For instance, Karachi has Korangi industrial area that has thousands of factories from where several products can be ordered. Many US firms outsource their call centre services to countries like Pakistan, India etc. because labour rates are very high in West as opposed to sub-continent. It allows them to reduce direct labour thus bringing CGS down and allowing them to stay competitive. For example, TRG is US based BPO (Business Process Outsourcing company that has several call centres across the world including in Pakistan).

Similarly, many firms also outsource their production. For instance, labour in Asian and Africa is much cheaper than Europe and US, so many companies benefit from it. However, it also brings lots of issues that need to be addressed. Shipment cost increases, quality maintenance may become a hurdle and time to deliver expands. All these matters have to be evaluated before finalizing any such decision.



At times outsourcing is done for product design too. For example, many designers would use some software as Adobe Illustrator or Photoshop to design products. They send it to the offshore company who then develop prototype on its basis. This prototype is verified and if needed, it is improved further by the designers, then bulk production is done.

Value Chain Model

Michael Porter in his 1985 book 'Competitive Advantage' introduced this 'Value Chain Model'. It is the value addition being done by company through a set of activities, from procurement of raw material to its development into a finished product, promotion and offer to market. Knowing the value chain allows a company to see if any process needs enhancement and whether company has effective and efficient resources to do so or not.

Entrepreneurs try to identify these spots where addition of more "value" may be possible. A value chain contains primary and secondary activities. Primary activities are important such as inbound and outbound logistics, operations, marketing and product/service. Support activities include resource procurement, HRM, firm infrastructure and technology. Together through these activities a raw material is converted into a value added product for both customers and the firm.

Value creation (through primary + secondary activities) - cost = Margin

Sometimes merely improving the process and increasing speed of production is also highly beneficial as 'speed' is becoming extremely important in this connected world.

For most companies even fulfilling customer needs is a way to just earn profits. It is easy to identify such companies by having a look at their way of treating the employees. If they are equally concerned about employee's rights and needs then they may be sincere, otherwise they are only using an excuse of helping people while only benefiting themselves¹. As a matter of fact the very concept of value creation means eliminating barriers between those who build product and those who experience it.

Raising Finances

How exactly is a business judged for its potential for success? Many people aspire to become entrepreneurs and pitch their ideas in front of potential investors. Success can be determined by various factors but it has been observed that there are some critical things that are looked at, to make an estimate about any business success. Knowing about 'target market' is one of the major things. It is essential to define for whom the business is being launched. A lot of wanna-be entrepreneurs may have an idea about

the product or business but have no clue for whom the product is.

Another very important thing is the passion and personality of 'entrepreneur' and his team (if any). Entrepreneur him/herself is the centre of this whole process, the individual who will link the resources and people with opportunity. Thus it makes his/her personality and strength the most critical component. *"Always consider investing in a grade-A man with a grade-B idea. Never invest in a grade-B man with a grade-A idea."* This quote by Georges Doriot a French born American venture capitalist (died 1987) is easy to understand that even a B-class idea is worthy of investment if the entrepreneur is A-level. However, if the business idea is impressive but the entrepreneur isn't passionate then staying away would be the choice of investor.

Financing and Profit Potential

Many entrepreneurs upon launching own business either use their own money or borrow some from close family. Occasionally people find venture capitalists. Several take loan from banks too.

It is always wise for a firm to test the waters first by committing limited resources to gauge the potential of success. Once the idea starts running then add more resources to it. Some say, don't put all your eggs in one basket, others say put them but ensure that you protect the basket really well.

Profit potential of a business is dependent on various factors such as the type of product and timing of launch. Most small businesses usually grow at around 9%². For comparison or benchmarking purposes one may notice that S&P 500 that is stock index of 500 large US companies grows at 14% per year³. Profit margins also vary from industry to industry but are usually around 5 to 15% of sales, for S&P 500 it is 10.7%⁴.

At the initial stage of a business, lots of funds are usually required as it has to manage cash flows, might need to buy certain equipments or machinery, and may need to develop a product from scratch. There are usually various ways how this funding may be arranged. First thing is the entrepreneurs own money that he may have saved. Afterwards, second option that many people utilize is getting cash from close friends and family members. Another thing is to borrow or barter for instance utilizing family car for distribution or procurement for business instead of purchasing or renting a car.

Options of debt (loans) or equity (sharing of ownership through money) are both available but raising debt is not only a bit more difficult it is also best avoided not to be under pressure of others. Since, a number of new ventures fail as well, therefore, it is best that contingency plans are also drafted out. Paying off loans would become difficult in case the business doesn't take off.

One good option of avoiding debt and reducing cost is '**bootstrapping**', that means looking for options to avoid external financing. It uses creativity, intelligence and aggressive cutting costs in any way possible as often many entrepreneurs have to do. For example, home is used as office at initial stage of business. Personal laptops are utilized for business needs.

Rewards and Seed Money for Ideas

Nowadays, it is also a bit easier to attract investment as many opportunities are available. Kickstarter and Indiegogo are two forums where people from all across the globe share their ideas to attract funding. On both these forums, entrepreneurs would pitch their ideas and offer multiple different ways to attract investment. Some would just say that if you would like to see this new product idea materialize then fund us. While others would provide offers of early delivery and usually discounted rate to get larger sum of money. These both websites are great opportunities to attract investment.

For example, Vanhawks Valor is the world's first ever connected bike, it tells you about safe and quite routes, warns when a car is close by vibration of handle and even updates via other Vanhawk bikes if it gets stolen. It is made of carbon-fibre and a unibody frame. It also charges itself through its front wheels movement. It was funded heavily at Kickstarter in 2014. Company offered its single-speed (base) model for a discounted price of \$1,000 or about 1.6 lac Rupees⁵.

A large number of philanthropists and companies are offering prizes for entrepreneurial ideas. At global level Hult Prize is one platform for strong entrepreneurial ideas that also benefits the society at large. This in itself is also an entrepreneurial venture as its



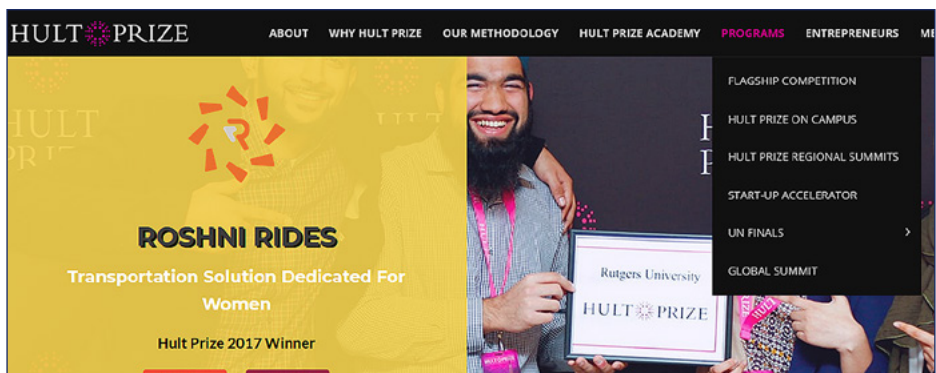
Kickstarter is one of the forums where people pitch ideas and those who like their ideas serve the purpose of 'seed money'.

Image credit: Kickstarter. Reprinted with permission.

KICKSTARTER

founder and CEO Ahmad Ashkar an American of Palestinian origin thought of it and ended up launching in 2009. Hult Prize program provides an impressive award prize of \$1million that is actually seed investment. It is funded by Bertil Hult the Swiss billionaire and philanthropist. Former US president Bill Clinton selects the topic for this competition and after the entire competition chooses the winning team as well. In 2017 four Pakistanis won this award for Roshni Rides an idea of providing females

HULT PRIZE. Reprinted with permission.



SMEDA - Free Feasibility Reports

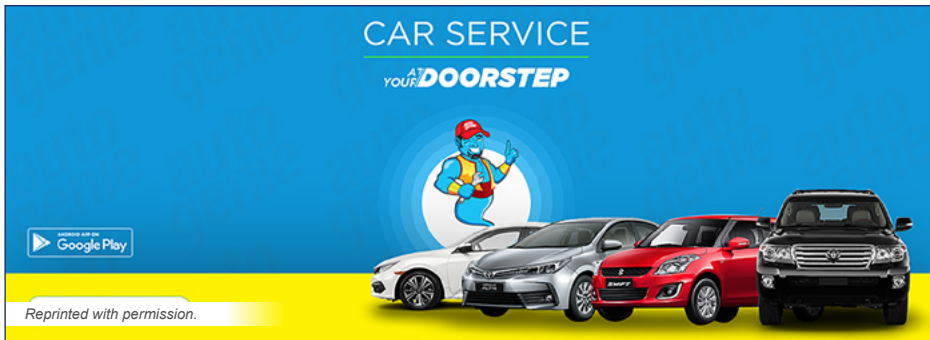
SMEDA (Small and Medium Enterprises Development Authority) has been established by Govt. of Pakistan that provides free resources for new business as feasibility studies.

Check: <https://smeda.org/>

transportation in Karachi⁶.

Similarly in Pakistan too various such events are organized. It is also now relatively easier to find training and support too. A large number of universities are offering courses in entrepreneurship as well as there are many business incubation centres for students with good ideas. These incubation centres provide major support in initial phase of business. Government has established SMEDA (Small and Medium Enterprises Development Authority) in the year 1998⁷ that provides free resources for new businesses, they've uploaded feasibility studies of various start-ups.

Plan9 is Pakistan's largest tech incubator by Punjab Information Technology Board. It conducts events every year and provides training as well. Many universities are also launching entrepreneurial events with cash prizes for best business ideas. Thus, giving even students a chance to showcase their plan, to win and to possibly attract investment. Auto Genie (a car mechanic service available online) was launched by the then UMT undergraduate student Hamza Abbas Buksh who became the youngest entrepreneur to raise investment in Pakistan as he was below 25 at the time



of start of Auto Genie. The concept is simple as they simply provide a car mechanic at a phone call.

A similar concept was launched by Sukoon that is a Karachi based service that gives a number of services such as electrician, carpenter, plumber, AC repairman, mason, painter and cleaning. Normally people have this issue that they don't have any trusted person to perform either of these tasks. So, whenever need arises they usually ask around and still end up getting a non-branded service.

Coca-Cola company also launched Sprite Spice Wars to

encourage entrepreneurial ideas of food businesses for Millennials (younger generation). It awarded an amount of Rs. 50 *lac* to winning team of UMT students in 2018⁸. This money was provided to help the winners in launching their idea.

Investors who are interested in funding new business ventures are called '*angel investors*'. Often these are those people who've experienced entrepreneurship in past, have enough extra cash and are fond of seeing new ideas come to life. They often expect return too but are a good source of getting funding if they like the idea. They usually are looking for small companies that will grow at considerable pace of 30% or so. Finding such people is usually difficult.

A large number of successful entrepreneurs have worked without borrowing money or even attempting to get anyone's investment. There is an Urdu saying '*chadar deikh kae paoon phailao* - چادر دیکھ کے پاؤں پھیلاؤ'. In this regard there is a term '*bricolage*' which states that an entrepreneur utilizes only those resources that he/she already owns to solve new problems.

All great businesses initiate from the idea that is then developed into a working model. Getting the idea is like having a seed, it has to be planted, watered and grown. It has to be discussed with others for input that will help refine it further. Some people are very conservative about idea sharing in fear of it being stolen but idea alone is no big deal at all, as they say ideas are ten a dime. Meaning you can get lots of ideas for a very small amount of money. It is the implementation, the effort exerted that is difficult to be mimicked. The term used is '*sweat equity*', the effort exerted to convert that idea into reality is not always that easy to be copied.

During this phase one has to sacrifice all extra expenses including purchasing a car or a latest laptop or mobile phone unless absolutely necessary. This pays off once the business starts giving returns and reaches a stability stage.

Since it takes time for a new business to establish, it is usually wise to do it on part-time basis. Most people do it while they already have a full time job and they spend



Angel Investor:

Usually rich people who are interested in funding new business ventures mostly for a return.



Bricolage: It states

that an entrepreneur utilizes only those resources that he/she already owns to solve new problems.



Sweat Equity: The

(non-financial) effort exerted to convert an idea into reality.



© Khakimullin Aleksandr / Shutterstock.com

evenings and weekends to uplift it or many students do it apart from their studies. This approach is quite beneficial as once the business is successfully initiated and demands more commitment and time then entrepreneur may quit full time job. Not all business launches may be possible on part-time basis. Some people opt for part-time job as it helps pay for the initial expenses of a business. However, while working at some company the entrepreneur must be ethical and must not utilize any resource of the existing employer including his customers for personal gain. However, once a person quits then situation changes.

Presenting a Business Plan



Elevator Pitch: It is a very short description but is also condensed enough to summarize an entire business proposal.

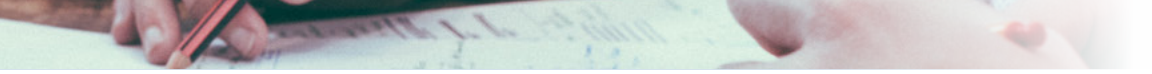
In case an entrepreneur decides to attract investment then an '*elevator pitch*' has to be prepared. It is a very short speech but is also condensed enough to summarize an entire business proposal. The term elevator pitch is as the name says that if you get on an elevator with a potential investor and have to summarize entire business plan then you will have to do it within about 30 seconds that is the time elevator reaches its destination floor. Within this little time it has to describe the problem that needs to be solved, explain how the product or service developed meets this opportunity and elaborate on the profile of target market. Also the qualifications of founding team and their skill sets are very critical as often a diversified team is important to pull it off. So, while planning each of these topics may not get more than 10 to 15 seconds. Many people assume that they will have all the time to explain or that since they have spent so many hours then how is it possible to condense so much working into such a



Imagine getting only 30-seconds with a potential investor in an elevator. An entrepreneur will have to condense his/her entire business plan in a few words. This is called an 'elevator pitch'.



© Team Oktapus/ Shutterstock.com



short speech, but what they need to understand is that other people do not have time to listen to the details. Majority isn't interested in it, unless they are convinced in smaller time frame that they like the idea.

In case the idea gets a chance to be pitched in front of any forum or group then slides have to be prepared for a presentation. In it too speaker must ensure that the time allocated isn't breached. Slides must contain important points especially highlighting the following:

1. Title Slide
2. Problem
3. Solution (product/service)
4. Target market

Remaining slides may cover the business plan briefly such as:

5. Industry
6. Marketing plan
7. Management team
8. Operation Plan
9. Financial projections
10. Summary and closing slide.

Presenter should be prepared for lots of questions and feedback, besides he must not be discouraged from the criticism. Instead use it to improve the idea further.

Slide Development Guide

Entrepreneurs or even university students must learn to develop slides primarily on MS PowerPoint or Prezi ([Prezi.com](https://prezi.com); a website based tool for creating animated presentations). A good grip on PowerPoints is strongly recommended. Developing decent slides is not something very difficult. Slides should be simple as it makes those understandable. Following points should be kept in mind:

- *Font size should be appropriate* (usually 28 or larger for most font-styles). Font-style should be visible (like Calibri or Arial) instead of using a stylish font that cannot be read by viewers.
- *Slides should not be congested with text.* Whole paragraphs should not be written instead use only bullets with very limited details (around 25-30 words per slide).
- *Slides must be consistent in every way* from layout and design to font and colour scheme. There should not be any grammatical or spelling mistakes. All bullets must fall in same line and be at exactly the same starting point (gap from boundary). Headings should also be similar to the point that either all headings must be underlined/italicized or none.
- Colours should also be easy for readability. In case dark background is opted, then light colour fonts should be used or vice versa. During presentation a slide should ideally take 20-40 seconds, so your total slides may be around 8-12 for a 3 minute

presentation. Slide numbers should also be provided and try to pick up a new theme instead of using the same

More Tips on Slide Development

In order to have a special background you may try picking a wallpaper related to your topic or pick any new PowerPoint template, there are various sites with different themes and free templates such as:

www.konsus.com/blog/free-business-PowerPoint-templates OR <http://www.free-power-point-templates.com/>.

Using 'Paint' to customize background:

- Use 'PrtSc' button on top row of keyboard to take a picture of your screen or use 'snipping tool'
- Paste in 'Paint'. Modify it as you would like to.

Customizing/applying background:

- Note how to apply background to all slides in any PowerPoint file: Right click on your slide and choose 'Format Background'
- Click on third option 'Picture or texture fill' under 'Fill' tab
- Click on 'File...' and choose required picture. Readjust 'transparency' if required.
- Click on 'Apply to all' option at bottom right

Once it is done the same background will appear by default even when a new slide is added.

Other tips for slides

- Use high pixel/quality logo or background, but picture size should not be very large otherwise file size increases. Try JPG format of images.
- Brand name/logo should ideally be visible on every slide
- Bullets and line spacing must be consistent

background layout that is provided in default of software and is used by everyone. Having an innovative theme allows you to have a unique and memorable slides.

Presentation Guide

On the day of presentation it is ideal to have a hardcopy of slides (6-slides per page) for yourself and a copy should be given to the judges or investors.

Try to make your presentation memorable for audience by using something unique or anything interesting and/or funny etc. but it should be relevant.

Proper dress code must be followed as your appearance leaves an impression. Formal dressing must be the preference such as:

For male: *Kurta shalwar* (preferably with waistcoat) or 'dress pants and shirt' is advisable. Wearing casual dresses as jeans, joggers and/or t-shirts will ruin your impression. Avoid half-shave haircuts or any other such hairstyle that is considered inappropriate in a business environment.

For females: It is strongly recommended that they opt for *Niqab* or *hijab* or at least try to dress as modestly as they possibly can. *Dupatta* or head scarf must be properly pinned so that it doesn't slip during the presentation which results in

Pecha Kucha - 20 Second Slide Tip

It is a concise presentation technique that emphasizes only 20 seconds per slide. It was devised in Japan in 2003 but is now being practiced all across the globe.

Check: <https://www.pechakucha.com/>

diversion of concentration.

Evaluation: Although there are various evaluation criteria for a presentation as can be searched online, however, usually following things are found common in most.

- a. **Clarity of language:** Volume should be loud enough, neither too high nor too low Sound must be clear, gaps and words like ah, eh, om etc. are to be avoided. Changing pitch for emphasis helps keep the audience attentive.
- b. **Body language:** Eye contact with viewers is extremely important, presenter should not be looking at the slides or ground etc. Using gestures and expressions arouses interest. Slide reading must be avoided. Stand straight, appear confident.
- c. **Time management:** Always practice to time the presentation. Majority of participants exceed the limit because of lack of preparation.

Presenter must be calm, polite and confident while answering questions.

Building the Founding Team

Attributes of a lead entrepreneur as individual effort, spirit and passion are often the driving force behind a venture, yet almost every successful business has had a team that pulled it all off. Whether it is a family member or a mentor there is often someone's assistance that helps the lead person to accomplish more than what he can do individually. Research has proven that every company that intends to grow needs to hire 20 or more people within 5-years.

For example, the first all-girls Pakistani team from National University of Science & Technology (NUST), Islamabad participated in an international tournament (IMeche

Here's your chance to Meet Team Auj and Naltaar On same platform, We're live now at PakWheels Islamabad Auto Show 2018 "

Team Auj, a group of girls from NUST, Islamabad won "Spirit of Formula Student" award in UK for designing their own Formula Student Car.

PAKWHEELS.COM

SILVERSTONE.CO.UK

199

HOOPER

FORMULA STUDENT

25

CHER

eSports Garage

Image credits: Team Auj. Reprinted with permission.

Formula Student). This competition was held in UK and hosted students from various countries. Team Auj, comprising of girls from electrical engineering, business administration, industrial design won the “Spirit of Formula Student” award for designing and fabricating their own Formula Student Car⁹.

An individual may be limited in his scope and can be an expert in only a number of skills. Besides, one person may be able to stretch to work 16-hours a day, seven days a week. This working of even 16x7 will yield 112 hours of productivity, it can barely match a team of 5 working just 45-hours a week as 5x45 would be 225 hours. Besides, not to mention the diverse skill sets that may allow each person to perform more specialized tasks, moral support, group discussions and brain-storming and hence an enhanced potential for innovativeness due to idea sharing simply makes a team a necessity.

Type of business also has different team size requirements. For example, a restaurant may need a team of 10 to generate the revenue of Rs. 30 *lac* per month but a car dealer may need only 3 employees to equal it. Similarly, a retailer may require around 7 employees to hit similar numbers. Since these are revenues only, so profit might be just about 10-15% of it. Thus a company has to decide on the scale and scope of growth and plan for hiring the team accordingly.

It is obvious that all employees won't be directly linked with sales as far as their JDs (Job Descriptions) would be concerned. So, at initial stage of venture such direct revenue-generating employees are more important and should be hired more than the support staff.

A team helps in improving the idea. Since in most cases the initial idea is of the entrepreneur only but it doesn't mean that it is excellent and will certainly succeed, the idea can always get better. The team helps in making it viable. Moreover, a business goes through ups and downs. It is always interesting to share your success with others as it enhances the joy. Similarly, a negative incidence such as unfair claim from an unhappy customer can be a source of pain. It can bring morale down of the entrepreneur and he may decide to just wind-up the business and go for a normal job. Having a team gives you those listening ears as once you share then you let the steam out which allows you to refocus on the business. Initial stages of business have more pitfalls than good news. Team is helpful in it as winding the business means everyone will be needing to find the job.

Businesses do not survive without building relationships with their customers and often with investors, distributors, accountants, media, government and various others. Again although an individual can stretch to a certain extent but it is obvious that the number of contacts a group can generate will certainly be far more than those by an individual.

CEO role is often very tempting and desirable however, not every individual may be able to handle it effectively. Although most entrepreneurs lead the business yet there are several cases where team members realized limitations of entrepreneur after the idea execution, and had to hire a more experienced CEO. An entrepreneur must know his own limitations as clinging on to the post of CEO may limit the growth of business.

People should be aware of own self most importantly as in most cases many fall into one of two categories. Some are so over-conscious that they never take any step towards

launching own business as they fear failure way too much to do anything about it. On the other end, there are some over-confident people who assume that they know everything and don't need any help at all. While it is nice to be confident, but excess of everything is bad so it is best to have a balance always in life and hence between these two extremes.

Opting for a personality test such as Myers-Briggs Personality is a good choice as it may help analyse the potential entrepreneur himself further. Still it should be kept in mind that no test is an accurate predictor of entrepreneurial success. Most successful people have other commonalities. For example, they perform well under high stress and are a very good listener. Entrepreneurs should be mentally prepared that entrepreneurship is hard-work and success doesn't come overnight. Patience is essential as in order to succeed months are not sufficient, often years are required.

Getting New Team Members

Once an entrepreneur has analysed his own self then it is best to list down the skills required for the business and hence the roles such as 'software engineer', 'marketing', 'product development', etc. It is best to add details of these roles. Then next step is to actually find those people. Often it is done through personal networks starting from your university, its alumni, through professors and also through family. Having a close friend or family member is a double-edged sword. The advantage is that you already know the skills, strengths and personality so such a person can be beneficial in many ways and the level of trust is very high. On the other end it is risky because you can barely give an order to a family member or friend which may complicate relationship as well.

It is best to create a chart listing the skills required for new venture and also names of members and their skills as it may help know the gaps and thus getting new members

	Leadership	Marketing	Programming	Accounting	HR	Operations
Abdullah	✓					
S. Babar		✓				
Salahud-din					✓	
Zahida			✓			
Gap 1				x		
Gap 2						x

➤ Table 14.1 Skills Profile and Gaps

History of Levi, Imagine Wearing Tents?

Levi realized that people were complaining about pants being torn and he had tent material so he decided to use it to make pants. That is how jeans was born.

Source: Britannica, T. E. (2019, March 29). Levi Strauss & Co. Retrieved Jan 29, 2020 from <https://www.britannica.com/topic/Levi-Strauss-and-Co>



"The one who is patient, succeeds"

- Holy Prophet (ﷺ)



"You don't know your own strength ... You will find you have the power to move the very Earth itself"

- Apocalypse

From X-Men: Apocalypse (2016)

with deficient skill sets. A sample chart is shown in Table 14.1.

Keeping the Team Together

Interpersonal conflicts: In an environment with so much uncertainty and massive work-load it is very common to find people having differences in opinions and arguing over it. Many entrepreneurs spend half the time attempting to keep the team together and resolving their conflicts. It is best to do it at the earliest stages because as time passes situation may escalate. Defining the responsibilities at least to some extent is also critical especially among the founders as many new start-ups have fallen apart because of conflicts among the team members, in comparison much lesser businesses fail because of lack of funds¹⁰. The term used is 'chemistry' (positive or negative emotional connection between two people), sometimes it matches well with the whole team and sometimes it doesn't. In some cases one member is responsible for team's demotivation, so firing him becomes necessary as his removal may help all others relax.

Deciding on the type of culture is very important at start as culture from day one also defines a team's bond. Everyone who joins afterwards usually follows the existing culture. Therefore, laying the foundations is important. Also once built it is very difficult to change the culture. CEOs role is very central as his/her persona will help define culture. It is also important to consider everyone's nature as some people may prefer casual dressing or environment while others will want official set-up more appealing. This may create conflict among the employees so handling it is important.

Burnout: Working long hours and spending sleepless nights in hope of watching your company or product becoming a success is quite common but it may also result in burnout. People may start wondering if this much effort is really worth it. This may make them leave. It is good to share if there are any problems with product launch so they feel trusted. Having some gaming activity at least once a week is a great idea as it allows employees to take their mind off work. It also allows the team members to bond with each other. Having some free confectioneries or drinks is also nice.

Family pressure: Since long working hours required for a new business is a norm, therefore it may naturally raise concerns from family members of employees. It is quite common for married people to have complaints from their spouses about giving too much time to job. Children being neglected or



family not being given a priority are common issues. There should be a work life balance but since there is usually a tilt at launch phase therefore a good way is to control it from start. Inform the employees even before they join that they should have their families pre-informed as it'll reduce the possibility of their anger. Another thing is to let close family members join on the weekend events or once a month stress-relieving event so they also form a bond with other team members and have an opportunity to visit the office etc.

In forming a new team know that one of the reasons for failure may be '*liabilities of newness*', which means that people all of a sudden gain new roles that they are not used to. For example, a student launching a venture immediately becomes a CEO. He may not be experienced to boss around or lead and may fail to perform these tasks effectively at initial phase.

Compensation: It is very difficult to pay regular standard salaries at the initial stages, so in order to manage it there are some options that entrepreneurs consider. When an entrepreneur is offering below market salary then it is better to provide equity to the employee so that they know that at some point in future they will be rewarded if the venture succeeds. Alternately, limited salaries may be paid as most employees would need at least some salary at initial stage to even continue working so their transportation costs and running expenses are somewhat covered.



Liabilities of

Newness: In a new business people all of a sudden gain new roles that they are not used to, so it becomes difficult for them to perform these tasks effectively.

Chapter 14

Epilogue

KEY-TERMS



Feasibility Analysis: It is the first evaluation of the idea to gauge whether idea is worth pursuing. (p-432)

Concept Statement: It is a one page description which consists of product, its target market, reason(s) why people would buy it and the management team behind it. (p-433)

Business Plan: A multiple pages detailed describing of what the new business aims to accomplish. (p-434)

GANTT Chart: A simple tool that makes visual representation of a project convenient. (p-438)

Business Model: It provides details of sources of revenue, customers and even sources of funding. (p-441)

Outsourcing: A firm's decision to purchase products and services from other companies. (p-442)

Bricolage: It states that an entrepreneur utilizes only those resources that he/she already owns to solve new problems. (p-447)

Sweat Equity: The (non-financial) effort exerted to convert an idea into reality. (p-447)

Elevator Pitch: It is a very short description but is also condensed enough to summarize an entire business proposal. (p-448)

Angel Investor: Usually rich people who are interested in funding new business ventures mostly for a return. (p-447)

Liabilities of Newness: In a new business people all of a sudden gain new roles that they are not used to, so it becomes difficult for them to perform these tasks effectively. (p-455)

Assignments and Class Activities

Kickstarter and Elevator Pitch

Marks: 10

Approx. time required: 2 hours

Browse Kickstarter and pick projects that you like. <https://www.kickstarter.com/>

If this product/business is brought in Pakistan how can you make it successful (ideally you should also add some additional innovation instead of just copying same idea). Prepare an elevator pitch (it usually covers the following):

- Problem identification:** **Need** that you intend to fulfil and **gap** identification, i.e. what deficiency is there that existing companies are failing to fulfil.
- Target market:** Detailed **profile** and **'market size'** (number of people in your target market and how much they spend).
- Your solution:** USP (Unique Selling Point). Why would people buy it?
- Team:** Your and/or your team's profile. (Hint: All-rounded team is preferred over an incomplete or individuals belonging to a single industry)
- Milestones / Targets:** These may include financial estimates as spending and break-even time. Plus, future milestones that company may achieve and when e.g. in 10-12 months break-even and then in 18 months plan is to open another branch etc.

For further assistance with elevator pitch check this article:

<https://articles.bplans.com/the-7-key-components-of-a-perfect-elevator-pitch/>

Innovative Start-Up

Marks: 10

Time: 60 minutes.

Group rules:

- All group members must contribute and hence answer some portion of activity.
- Grouping with opposite gender is not allowed.

To start with all group members should develop entrepreneurial ideas and **brainstorm** those together. No one should be discouraged and **leapfrogging** (a second person may develop on other's idea) is encouraged.

ROLES

Entrepreneur(s): (1 or 2 participants) Develop a business idea first. See which need it fulfils, which market gap it addresses. Then try to estimate how much initial investment it would require, (optional: May also add expected sales in 3-years i.e. growth projections). How many employees would be required to form initial team? Compress all information into an '**elevator pitch**' (30-seconds), a very short paragraph [less than 150 words]

Angel investor: (1 participant) Which business idea will he/she prefer choosing and why? (Simply explain the rationale of an angel investor: you may search the internet to understand this term).

Marketer(s): (1 or 2 participants: alternately one participant can be a marketer and other can be a '**Software Engineer**' depending on business idea and its requirements) How to help the chosen business develop? What is the target market and how can the product/idea be promoted among them? How best can digital marketing resources be utilized?

Learning Objective: In this activity participants will learn a few terms and also about a few roles relevant to a new business venture.

Business Plan (Entertainment)

Marks: 10

Time: 60 minutes.

Details: Although there are many different ways of writing a business plan but broadly there are following components:

- Provide details of 'problem identification' (need) and 'solution' (product/service)
- Opportunity and STP
- 4Ps
- Management plan (team, resources, finances)

Choose any one of the following businesses:

- | | |
|----------------|------------------|
| 1- Comics | 2- Anime |
| 3- Video Games | 4- Novel writing |

First brainstorm it in group about how to develop it then write a very short **business plan** (take help from course or even internet to see sample pattern or headings and sections).

Learning Objective: In this activity participants will learn to implement business plan on a new business.

Sample Expected Outcome

Group members:

BUSINESS CHOSEN: e.g. Anime (new character) _____

1. Problem (Need) and Solution (Product) [one short paragraph each around 100-200 words]

2. STP:

Segmentation: Provide profile/details of your target market.

Positioning: What is unique about this product?

3. Marketing Mix: 4Ps

4. Management Plan

Team: Members required and their skills & experience.

Resources: What other non-financial resources might be needed, knowledgeable employees, closeness to other similar businesses etc.

Finances: How much starting capital would be needed? what are sales forecasts for next few months & years?

SMEDA and Prefeasibility

Marks: 10

Approx. time required: 2 hours

Participants are required to pick any ONE pre-feasibility report of their own interest as available on SMEDA's website (<https://smeda.org/>) then analyse it and provide a summary of it with proper **headings work**. Your write-up must be in between 450-500 words maximum. It may be followed by a discussion/viva of your learning.

Idea/Social Marketing

Do something for others, for society, invest your time and guide them. For example,

- | | |
|--|----------------------------|
| 1. Fitness challenge | 2. Health |
| 3. Parents rights reminder | 4. Namaz |
| 5. Learn how to cook | 6. First aid |
| 7. [for females] Niqab/Hijab promotion | 8. For elderly or disabled |

Share a summary of how and what you did. How to promote goodness?

Start-Up Project

Marks: 10

Approx. time required: 10-20 hours

Words: 3,000+

A brief explanation of the unfulfilled need that your new venture seeks to satisfy and a brief description of the product/service concept. Please use the outline/structure of '**business plan**' as provided in this chapter. Develop a strategy and organization plan for this business opportunity that interests you. Main report has to be on **business plan** but besides it the participants should try to add as many grids and concepts studied previously such as:

- **PEST**
- **Five Forces analysis** (you can easily find various templates online e.g. at https://www.mindtools.com/pages/article/newTMC_08.htm)
- **Business model**

*"Knowledge knocks on the door of action, if it receives a
reply, it stays, otherwise it departs."*



- Hazrat Sufyaan Ath Thawree
(161 Hijri / 778 CE)

Appendix

Recommended Course Outline

For courses as Principles of Marketing, Introduction to Marketing, Marketing Management, Marketing 101, etc.

Introduction

Marketing links the customers to the firm and hence plays central role in business. The marketer's role is to develop an understanding of the customer and then use a variety of tools especially incorporating new digital mediums to design, promote and deliver attractive value packages. Focusing on relationship building to retain customer loyalties is another important role of a marketer. This course introduces marketing concepts/terminologies and issues to the students from various perspectives. An opportunity to study several situations in which effective marketing strategies can be developed is provided through group discussions and case studies.

Resource Person	
Program(s)	
Credit Hours	3
Semester	
Class timings	
Email / contact	

Course Outcomes

Participants are expected to have good grasp on basic marketing concepts and should be able to apply it on almost any brand.

Participants should also have ability to present with confidence.

Utilize the learning for their personal brand development.

Learning Objectives

After completion of the course the students should be able:

1. To describe fundamental concepts, terminologies and issues in marketing.
2. To provide an understanding of and appreciation for the role of marketing in managing a business
3. To be able to compare brands in international markets with Pakistan

Learning Methodology

Text book, reading materials (newspaper and magazine articles etc.), discussions, class activities, presentations, skill development exercises, quizzes etc.

Helpful Text Books

- Basic Marketing by Salman Zaheer, 2020 Edition.
- Principles of Marketing, 13th Edition (South Asian Perspective) by Kotler, Armstrong, Agnihotri and Haque.
- Marketing by C. Shane Hunt & John E. Mello First Edition (2015).

Helpful sites: <http://www.quickmba.com/>

Personal Ethics

We all live in a world that is heavily dependent upon a web of trust. The same trust also exists between a teacher and student(s). It is therefore strongly advised that individuals or teams (as defined) keep themselves clear from academic dishonesty.

Cheating and/or plagiarism (submitting the language, ideas, thought or work of another as one's own OR helping others in using unfair means) will result in zero marks in that activity, and possible fine by the disciplinary committee or an 'F' grade in the course or both.

Recommended Assessments (PROPOSED)

Assignments (4 x 5% each)	20%
Class Activities/Quizzes/Misc. etc. (4 x 5% each)	20%

(Each class may have an unannounced CA or Quiz, some CAs may be non-graded)

Mid Term	15%
Project/Slides/Presentation	15%

Total	70% - Sessional work
Final Exam + Vivas	30%

Prior preparation, regular attendance, and professional participation in all classes is expected. Come to the class prepared to lead the class discussion for analytical interpretations, alternative strategies, and persuasive solutions. Kindly arrive on time and leave as scheduled. Quality of (almost) all communications, written and oral, may be evaluated.

A general rule of thumb for preparing for a course is 1 hour of outside preparation for every hour in class to achieve an average grade e.g. 'B-'. Alternately, to gain 1% marks you will have to study for about 1 hour hence it should give you a rough idea of how much time you should spend on this course to achieve the marks/grade you desire.

Skills required in work/business are: Management/organizing, Emotional Quotient (EQ)/ social (listening), ability to learn (adaptability), problem solving, decision making, leadership, visionary, ethics, time management, stress management, initiative, intelligence (IQ). Irrespective of in which field a person enters above mentioned skills are nevertheless very important, hence participants should emphasize more on these rather than just subject knowledge.

Late submissions/arrivals: Late submissions are eligible for zero marks; might be considered at 50% maximum. Participants arriving in class late by even a single minute maybe marked absent. Upon seventh late/absent (out of 30 sessions) participants may be getting SA/F grade.

W #	Lecture content	Assignments and Activities
1	Ch-1: Introduction to Marketing	CA-1: Profile
2	Ch-2: STP	Asg#1: Personal Brand Dev.
3	Ch-3: Consumer Behaviour	CA-2: Scavenger Hunt
4	Ch-4: Products and Brands	Asg#2: Marketing updates & STP
5	Ch-5: Product Innovation	Asg#3: Interview
6	Ch-6: Pricing	Asg#4: Responsible Consumer
7	Ch-7: Promotion	Mini-Project on Brands
8	MID-TERM	
9	Ch-8: Distribution	CA: Kahoot / Ads
10	Ch-9: Environment	
11	Ch-10: Ethics and Haya	Asg/Act: Marketers & Haya
12	Ch-11: Research	Viva
13	Ch-12: Strategy & Globalization	
14	Ch-13: Power of Entrepreneurship	
15	Final Presentations	

Assignments Guideline

Instructions for Assignments:

Front page should be well formatted and contain all important details such as participants name and ID, submission date, title of course, etc.

Front page must be uploaded with every assignment.

Each assignment must be submitted on Turnitin by deadline. Your similarity must be as low as possible and under no circumstances should it exceed 19% as per HEC policy. Reports with **20% or higher similarity are eligible for 'zero' marks.**

Do not copy from a colleague or spoil others by providing your assignment to anyone. Turnitin picks it up as well. It'll cost you.

Format your assignment properly. Always 'justify' i.e. lines should end smoothly. Press 'Ctrl + J' for it.

Use Calibri font only.

Font size must be 11. Headings etc. may be of 14-font maximum.

Line spacing should be 'single'.

Number of words must always be mentioned at the end of each section/question etc.

References should also be given: simply click on 'References' tab and then on 'Insert Footnote'.

Optional:

Add page numbers at bottom right of page.

In case of getting print-outs always use duplex (back-to-back) printing as it saves pages. 'Save a page save a tree'.

Also, avoid wasting space in pages by creating unnecessary gaps (usually between questions).

In every assignment especially on front page, try inserting one relevant picture (also add one or two pictures inside as well for added grace). These must be relevant to topic and using female imagery is not allowed.

Pictures must be 'text-wrapped' and 'square' so space isn't wasted. i.e. after adding picture, right-click on picture, 'text wrapping', 'square'.

Turnitin Guide

Turnitin is a standard forum for checking similarity and is utilized all across the globe. HEC provides access to faculty members. Participants can upload using following method:

1. Go to [Turnitin.com](https://turnitin.com)
2. Click on 'Create account'.
3. Click 'Student'
4. Insert class ID and password (as provided to you by your instructor or TA)
Class ID _____ Password _____
5. Click on 'submit' for available assignment
6. Submit paper (step 1 of 3)
 - a. Change the default option of 'cut and paste upload' to 'single file upload'.
 - b. Name your submission title e.g. Asg#1

7. Submit (as step 2 of 3)

Within 5-minutes Turnitin shall update you of plagiarism percentage. If the percentage is below 15% then do not be concerned as it picks up any similarity even if these 'three consecutive words', however higher percentages will obviously be caught.

Referencing

Either "quote" and provide reference if copying OR if borrowing an idea then too give source
Never provide reference of Google. Give detailed link of the source.

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Glossary (Key-Terms)

80/20 Rule (Pareto Rule): A concept that says that 80 percent of company's sales come from 20 percent customers. So, firm should focus more on those important 20 percent. (p-78)

Administered VMS: A vertical marketing system that coordinates successive stages of production and distribution through the size and power of one of the parties. (p-285)

Advertising: Non-personal communication that is paid by a company for good, service or idea. (p-247)

AIDA Model: A combination of steps in various forms of promotion consisting of attracting attention, holding interest, arousing desire and generating buyer's action. (p-262)

Altruism: Unconditional devotion to others. (p-325)

Angel Investor: Usually rich people who are interested in funding new business ventures mostly for a return. (p-447)

B2B (Business to Business): Selling by one business to another company that uses the products for profit generation. (p-81)

B2C (Business to Consumer): Selling by businesses to end-users. (p-81)

Baby Boomers: Generation born between 1946 and 1964. (p-72)

Backward Integration: A channel member purchases one or more of its suppliers. (p-284)

BCG Matrix: A portfolio planning tool that graphically shows a company's products or business units according to market share and growth rate. It helps in knowing where to allocate resources. (p-381)

Behavioural Segmentation: Dividing a segment on basis of consumer's usage of product. (p-77)

Benchmarking: Comparing own company with the best firm in industry, to help improve. (p-154)

Blind Tests: For testing purposes a potential customers is provided with few products of same category but of different brands, without displaying the brand name of the products to test which brand's offering they would prefer without knowing the name. (p-194)

Brainstorming: A technique done in a group of people to discuss and generate ideas on a particular topic. (p-418)

Brand Development Grid: Growth of a brand by either expanding to new product categories or launching new brands in same product category or both. (p-166)

Brand Equity: Market value a brand adds to a product. (p-159)

Brand: The name, term or symbol that identifies a good or service as distinct from all others. (p-158)

Bricolage: It states that an entrepreneur utilizes only those resources that he/she already owns to solve new problems. (p-447)

Business Cycle: Differences in economic states in a typical business often goes through ups and downs. (p-301)

Business Model: It provides details of sources of revenue, customers and even sources of funding. (p-441)

Business Plan: A multiple pages detailed describing of what the new business aims to accomplish. (p-434)

Buyer/Consumer decision process: A consumer's decision making steps from recognizing need, searching for information, evaluating alternative products/brands and purchasing. (p-109)

By-Product Pricing: Setting a price for by-products in order to make the main product's price more competitive. (p-235)

Cannibalization: When launching a new product starts taking away sales or market share of previously launched product of the same company. (p-185)

Captive-Product Pricing: Pricing products that must be used with the main product. (p-234)

Cash Cows: Business units or products with high market share and low market growth rate. These bring cash to the company. (p-382)

Causal Research: Research that looks for cause-and-effect relationships. (p-365)

Channel (of distribution): A network that performs activities required to bring the product closer to final buyer. (p-272)

Channel Conflict: A disagreement either among distribution channels of same level or different levels. (p-283)

Channel Control: An approach to organize distribution channel members. (p-284)

Co-Branding: When two different company's

work together to put their brand names on same product. (p-165)

Cognitive Dissonance: Buyer's discomfort caused by post-purchase conflict. (p-113)

Commercialization: Launch of a new product. (p-195)

Communication Process: The transmission of a promotional message from sender to receiver by encoding it by choosing the words, pictures and other symbols and then displaying it on a channel/media. (p-257)

Competitive Advantage: An advantage over competitors gained by offering greater value either through lower cost/price or providing more benefits. (p-314)

Complementors: Those companies that sell a product that complement the product of another company by adding value to mutual customers. (p-315)

Concentrated (Niche) Targeting: A targeting strategy in which a company goes for a large share of one segment. (p-85)

Concept Statement: It is a one page description which consists of product, its target market, reason(s) why people would buy it and the management team behind it. (p-433)

Concept Testing: Asking potential customers questions about pictures or descriptions of new product. (p-191)

Consumer: The end user of the product, who actually utilizes the product himself. (p-106)

Continuous Innovation: Improving an already existing products/services or technology. (p-196)

Contractual VMS: A vertical marketing system in which independent firms at different levels of production and distribution join together through contracts. (p-284)

Convenience Goods: A consumer product that is usually bought frequently, immediately and with minimum comparison and buying effort. (p-106)

Convenience Store: A small store, located near a residential area, that is open long hours seven days a week and carries a limited line of high-turnover convenience goods. (p-287)

Core Product (and value): It is the actual product that provides a certain benefit or value to customer. (p-152)

Corridor Principle: Once an entrepreneur begins a company, he or she is able to find more opportunities just as a person entering a corridor would be able to see several doors. (p-417)

Countertrade: Bartering goods and services rather than selling them for money. (p-386)

Criticism on Marketing: There are many problems created by different companies including deception, unnecessary advertising, risking consumer privacy, spreading materialism etc. (p-44)

Culture: The set of values, ideas and attitudes that are learnt and shared among members of a group/society. (p-113)

Customer Relationship Management (CRM): Managing detailed information about individual customers (usually through technology) and delivering superior customer value (p-40)

Customer-Value: A customer's difference between benefits he/she gets against the costs he/she pays (p-29)

Customized (Micro) Targeting: Implementing a different marketing mix for each individual or local market. (p-86)

Data: Facts and statistics. (p-353)

Demarketing: An effort to reduce demand of a product. (p-302)

Demographic Segmentation: Making groups of potential customers on basis of factors such as gender, age, income, occupation, education, religion, ethnicity and life cycle. (p-71)

Descriptive Research: Describes a population, situation or phenomenon that is being studied. (p-365)

Differentiated (Segmented) Targeting: An approach to target several market segments and designing separate offers (marketing mix) for each. (p-84)

Diffusion of Innovation: A chart that shows how new innovations penetrates in population by dividing them into different adoption groups: Innovators, early-adopters, early-majority, late-majority and laggards. (p-197)

Digital Marketing: Usage of internet for promotion through channels as websites, search engines, online videos, blogs, vlogs, social media, mobile ads and apps. (p-254)

Direct Marketing: Promotion approach that uses directly approaching the target customers such as via telephone, mail or door-to-door selling. (p-250)

Discontinuous or Radical Innovation: A breakthrough innovation that makes existing products obsolete and replaces them. (p-196)

Disintermediation: The cutting out of channels by

producers, or the displacement of traditional resellers by radical new types of distribution systems. (p-278)

Distribution Intensity:

Company's choice to choose fewer or more outlets based on the type of product. (p-278)

Dogs: Products or business units characterized by low market shares and low market growth. (p-382)

Dual Distribution: Use of more than one channel to reach the end user. (p-277)

Dumping: When a firm sells a product in a foreign country below its domestic price or actual cost. (p-390)

Dynamic Pricing: Varying the price of the product, depending on the changing marketing conditions. (p-238)

Early Adopters: A group of consumers that is usually second to adopt a product, about 13.5% of population. (p-198)

Early Majority: Third group to adopt new product, they are about 34% of market. (p-198)

Economic Environment: A set of factors including business cycle, inflation and interest rates that affect the marketing activities of an organization. (p-301)

Elevator Pitch: It is a very short description but is also condensed enough to summarize an entire business proposal. (p-448)

Emotional Hijab: Keeping a certain gap with opposite gender in conversation and interaction. (p-338)

Entrepreneur: A person who finds a business opportunity, then collects all resources including people, money, business model and strategy to transform that idea into a running business. (p-405)

Entrepreneurial Alertness: The ability to notice things without engaging in deliberate search. (p-417)

Ethics: Moral principles and values. (p-324)

Ethnographic Research: A form of observational research that involves sending trained observers to watch and interact with consumers in their "natural environments". (p-357)

Eureka Moment: Sudden realization of an idea, or discovering something or getting an insight. (p-411)

Evoked Set: The final list of brands that consumer remembers at the time of purchase. (p-112)

Exclusive Distribution: Using only one or very few outlets in a geographic region to distribute products. (p-278)

Experience Curve: The drop in average per-unit cost that comes with accumulated production experience. (p-231)

Exporting: Selling products to international markets either directly or through intermediaries. (p-388)

Fad: Products that experience an almost overnight popularity but then also go out of fashion just as quickly. (p-202)

Fad: Products that experience an almost overnight popularity but then also go out of fashion just as quickly. (p-299)

Family Brand / Umbrella Brand: Using family/company brand name for an entire product line/mix. (p-164)

Family Life Cycle: Various stages of a family's existence. (p-73)

Feasibility Analysis: It is the first evaluation of the idea to gauge whether idea is worth pursuing. (p-432)

Five Forces: Five elements

of industry that influence a company. (p-311)

Fixed Costs: Costs that remain constant regardless of production or sales level. (p-231)

Focus Group: A way of undertaking consumer research that involves selection of about six to twelve people for a group discussion on selected topic provided to them. It helps in getting response that may be applicable on larger population too. (p-359)

Forward Integration: An expansion approach in which a marketing channel owns one or more of its buyers/retailers. (p-283)

Franchising: A form of licensing in which manufacturer grants rights to a wholesaler/retailer to use company's brand name and perform according to their marketing plan. (p-284)

GANTT Chart: A simple tool that makes visual representation of a project convenient. (p-438)

Generation Alpha: Those who are born from 2011 to 2025. (p-72)

Generation X: Those who were born between 1965 and 1980. (p-72)

Generation Y (Millennials): Population born between 1981 and 1995. (p-72)

Generation Z: Children born between 1996 and 2010. (p-72)

Geographic Segmentation: Dividing potential target market on basis of locations as region, cities or states. (p-70)

Geographical Pricing: Pricing on basis of geographical zones. (p-238)

Haya (Modesty): Having care for both physical and emotional hijab. (p-333)

Horizontal Conflict: A type of channel conflict occurring

among middlemen at same level of distribution. (p-283)

Horizontal Marketing System: A channel system in which two or more companies of same level join to avail a marketing opportunity. (p-285)

Idea Generation: Systematic search for new product ideas. (p-188)

Impulse Buying: Spontaneous purchase of a product without any pre-planning. (p-109)

Individual Brand: A branding strategy in which products are given brand names that are new and usually not connected to existing brand names offered by the company. (p-164)

Information Search: Second stage of consumer decision process in which consumer collects information. (p-111)

Information: Data presented in a useful way. (p-353)

Innovation: It is transfer of a new idea into a good or service for which customers pay. (p-406)

Innovators: A group of consumers that first adopt a new product, usually 2.5% of population. (p-197)

Integrated Marketing Communication (IMC): A strategy in which each component of promotion mix is carefully coordinated to deliver a clear and consistent message. (p-247)

Intensive Distribution: Distribution of a product through maximum outlets (almost all available). (p-278)

Intermediaries: Resellers that buy a product to sell at a profit. (p-286)

JIT (Just-In-Time): A system of holding little inventory and requiring suppliers to provide exact quantity needed according to a precise schedule.

(p-282)

Joint Venture: Entering foreign markets by joining with foreign companies to produce or market a product. They invest together and share control and profits. (p-389)

Laggards: A group of consumers who are last to adopt an innovation, about 16% population. (p-198)

Leapfrogging: Using one person's idea to develop and improve it to get more refined ideas. (p-418)

Learning: Changes in an individual's behaviour arising because of experience or knowledge/reading. (p-128)

Levels of Product: There are broadly two layers of a product: 'Core Product' that fulfils the basic need. Other is 'Augmented Product' that contains all other elements such as brand name, quality and features etc. (p-151)

Liabilities of Newness: In a new business people all of a sudden gain new roles that they are not used to, so it becomes difficult for them to perform these tasks effectively. (p-455)

Licensing: Entering foreign market through allowing a company to use trademark or patents. (p-388)

Lifestyle: The manner in which people conduct their lives including activities, interests and opinions. (p-120)

Logistics (or Physical Distribution): Planning, implementing and controlling flow of goods/services from points of origin to consumption. (p-280)

Manufacturer Brand: A brand owned and used by the producer of a product. (p-162)

Market (Target Market): Groups of potential customers to whom

a firm decides to direct its marketing efforts. (p-28)

Market-Penetration Pricing: Setting a low price for a new product in order to attract a large number of buyers and a large market share. (p-233)

Market-Skimming Pricing: Setting a high price for a new product and then gradually reducing it over time. (p-232)

Marketing Concept: A philosophy in which achieving organizational goals depends on knowing the needs and wants of target markets and creating products accordingly. (p-40)

Marketing Mix - 4Ps: Product, Price, Place and Promotion- The controllable set of marketing activities/variables that a firm uses to respond to wants of its target market. (p-28)

Marketing Myopia: Management's failure to recognize the scope of its business. The mistake by a company of paying more attention to its specific products, rather than focusing on the benefits and experiences provided by these products. (p-35)

Marketing Research: Function that links the customer and public to marketer through information. It is systematic gathering and analysis of data relevant to a specific marketing situation. (p-350)

Marketing: Creating and capturing customer value. (p-27)

Maslow's Hierarchy: A structure of five need levels arranged in the order in which people seek to gratify (although this theory is criticised) (p-125)

Mission Statement: A statement of organization's purpose (reason for existence). (p-379)

Motivation: Inner drive that encourages people to fulfil a

need. (p-124)

Need of Heart: To desire. (p-333)

Need of Mind: To think. (p-333)

Needs: State of felt deprivation. (p-32)

New to the World Products:

Products that are new for entire population. (p-184)

Opinion Leaders: People who because of their special interest, expertise or other characteristics influence heavily social behaviour on others. (p-118)

Optional-Product Pricing: The pricing of extra or accessory product along with main product. (p-234)

Outsourcing: A firm's decision to purchase products and services from other companies. (p-442)

Packaging: The container or wrapper of a product including the label. (p-156)

Perception: The process by which people select, organize and interpret information to form a meaningful picture of world. (p-127)

Personal Interviews: One on one interactions between a respondent and a researcher to gather the data. (p-360)

Personal Selling: Selling that involves direct interaction between a salesperson and customer. (p-251)

Personal Space: It is an area around a person in which intrusion causes discomfort. (p-114)

Personality: The unique psychological characteristics that distinguishes a person. (p-122)

PEST-EC or Macro-Environmental Factors: The larger external forces that affects company such as Political, Economic, Social,

Technological, Ecological and Competitive. (p-300)

Physical Hijab / Awrah: Body parts that must be kept covered as required by The God Himself. (p-335)

Planning: Anticipating future events and determining the best way of achieving organizational objectives. (p-376)

PLC Shapes: Different possible outcomes of a new product launch and its penetration into market. (p-201)

Portfolio Analysis: The process by which management evaluates the products and business that make up the company, usually calling these SBUs. (p-380)

Positioning Map: A diagram/graph of how customers view different brands on the basis of important characteristics. (p-89)

Positioning Statement: A one or two sentences that articulate a firm's product value and core customer. It is usually written as: To (target segment and need) our (brand) is (concept) that (point of difference). (p-91)

Positioning: Developing an overall image for a product or brand to occupy a clear, distinctive and desirable in the mind of target market. (p-88)

Post-purchase Behaviour: It is the last stage in consumer buying decision process, in this phase consumer experiences intense need to confirm the wisdom of that decision. (p-113)

Price: The amount of money a buyer pays a seller in exchange for products and services. (p-226)

Pricing Objective: Specifying role of pricing in an organization's strategic plan. It can be gaining market share, or profit maximization, or just

survival etc. (p-227)

Primary Data: Data that is newly collected for the project (specific market research problem) at hand. (p-353)

Product Bundle Pricing: Clipping multiple products together and setting a single price for it. (p-235)

Product Concept: The idea that customers will favour products that have high quality, features & performance and hence organization must channel its energy in continuous product improvements. (p-39)

New Product Concept: Detailed version of new-product idea in meaningful consumer terms. (p-191)

Product Improvements: Minor product refinement. (p-185)

Product Life Cycle: The course of a product's sales and profit over its lifetime, from introduction, growth, maturity and decline. (p-198)

Product Line: Groups of products that share common characteristics, customers or uses. (p-150)

Product Mix: Full set of products (all product lines) offered by a company. (p-150)

Product Placement: A sales promotion tool that uses a brand name in a movie or TV show. (p-248)

Product-Line Pricing: Giving different prices to products of same line (category). (p-234)

Product: Anything that can be offered to market for sale that might satisfy a need. It is mainly used for tangible goods but is also broadly referred to an idea or service. (p-148)

Production Concept: An organization's emphasis on production, thus valuing activities that favour production or operational efficiency. (p-38)

Promotion Mix: A subset of marketing mix and a combination of one or more promotion tools. (p-246)

Promotional Pricing: Short term reduction in the price of a product to increase sales. (p-236)

Prototype: Physical form of a product created individually often utilising materials to be used in final product, usually a full working model. (p-192)

Psychographic Segmentation: Dividing a market on basis of lifestyle or personality. (p-77)

Psychological Pricing: Using different tactics to leave a psychological impact on the customer such as ending the product price with '9'. (p-237)

Pull Strategy: Promotion effort directed primarily at end user so that they ask retailer for product. (p-260)

Push Strategy: Directing promotional mix towards channel members to gain their cooperation in ordering and stocking the product. (p-259)

Qualitative Research: Getting open-ended responses obtained from interviews, focus groups and observation studies that have depth of response and richness of description. (p-361)

Quantitative Research: Research that collects information using mostly a structured format that is easy to analyse and interpret. (p-364)

Question Marks: High growing businesses but with low market share, that require investment for growth. (p-382)

Questionnaires: Facts and figures obtained by asking people about their behaviours. (p-357)

Quota: The limit on the amount of product that may be brought

from another country. (p-386)

Relationship Marketing: Marketing efforts designed to create and maintain loyalty among existing customers by focusing on 'retaining' existing customers instead of 'acquiring' new ones. (p-40)

Research Process: Organizing research into various steps starting from problem identification. (p-361)

Research: It is a systematic investigation into and study of materials and sources in order to establish facts and reach new conclusions. (p-350)

Retailer: A firm that sells primarily to ultimate consumer. (p-286)

Reverse Engineering: It means taking apart a product that exists in market, then recreating it with modifications, in this way no copyright violation is done. (p-189)

Sales Concept: The idea that consumers will not buy enough of the firm's products unless the firm undertakes a large-scale selling and promotion effort. (p-39)

Scope of Marketing: Marketing concepts are not only for products but also applicable on services, ideas, organizations, people and places. (p-42)

Secondary Data: Information that already exists somewhere, having been collected for another purpose. (p-353)

Segmentation: Making groups of potential buyers on basis of common needs and expectation that they will respond similarly to a marketing action. (p-69)

Segmented Pricing: Selling a product at two or more prices when differences in prices are not based on costs, instead different customer segments are charged differently. (p-237)

Serendipity: Occurrence of events by chance, usually meant for something good, such as a new discovery. (p-186)

Services: Intangible activities or benefits that a company provides to consumers in exchange for money. (p-148)

Shopping Goods: A consumer product that a customer usually compares on attributes as quality, price, suitability and style. (p-107)

Social Class: Relatively permanent divisions in a society whose members share similar values. It is usually on basis of education, occupation or type of neighbourhood (p-116)

Specialty Goods: A consumer product with unique characteristics for which a significant group of buyers is willing to make a special purchase effort. (p-107)

Spiral Development: It is a continuous process of improvement during the product development phase. Build a product prototype, give it to potential customers so they test it and give feedback, then based on their response revise or improve the product. (p-193)

Stars: SBUs characterized by high market-growth rates and high market shares. (p-382)

Store Brand: (also called private / distributor brand) a brand owned by the distributor or reseller of a product, he is responsible for the product's quality and marketing. (p-163)

Strategic Business Unit (SBU): A unit of company that has a distinct mission, product and market. (p-380)

Strategy: To deploy company's resources to achieve targeted growth and long-term aim. (p-376)

Supply Chain Management

(SCM): Actions a firm takes to coordinate all three flows (of material, info and finances). (p-280)

Sweat Equity: The (non-financial) effort exerted to convert an idea into reality. (p-447)

SWOT Analysis: A company's analysis of its internal Strengths and Weaknesses and external Opportunities and Threats. (p-382)

Targeting: Group of potential customers towards which an organization directs its marketing program. (p-83)

Tariffs: A government tax on goods entering a country. (p-386)

Test Marketing: Stage in new product development in which a product and its marketing plan are tested in real settings but in limited zones (or on limited customers). (p-194)

Third Party Logistics: The use of a separate distribution company for logistics support. (p-281)

TQM (Total Quality

Management): An organization wide commitment to continuously improve all of its procedures. (p-153)

Triggering Event: An impactful event such as losing a job or receiving a sarcastic comment from someone that makes an entrepreneur out of an ordinary employee. (p-410)

Undifferentiated (Mass)

Targeting: Targeting the whole market with one kind of offer. (p-84)

Unsought Goods: A product that the consumer either doesn't know about or knows about but doesn't normally consider buying. (p-108)

Utilitarianism: A personal moral

philosophy that focuses on "the greatest good for the greatest number" by assessing costs and benefits of consequences of ethical behaviour. (p-325)

Variable Costs: Part of costs that vary depending on the number of units being produced. (p-231)

Vertical Marketing System

(VMS): A distribution channel that is centrally managed and designed to achieve efficiency with a maximum marketing impact. (p-284)

Vision: It is future oriented and talks about what the company intends to become. (p-378)

Wants: Forms of need as shaped by society and personality. (p-32)

Whistleblower: Employees who report unethical or illegal actions of their employers/bosses. (p-325)

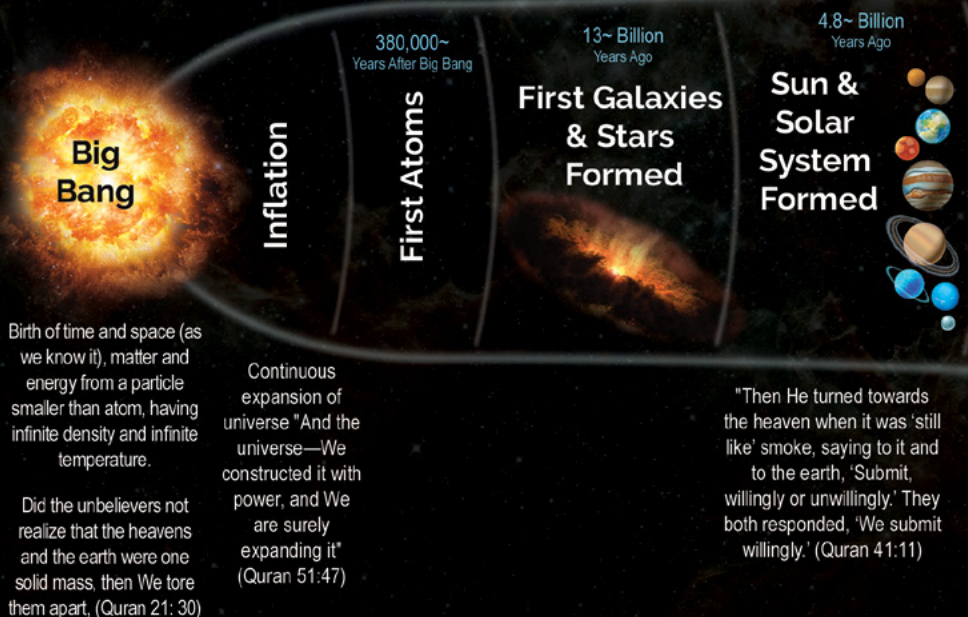
Wholesaler: A person or company that mainly sells to other businesses (or resellers of products). (p-288)

WOM (Word of Mouth):

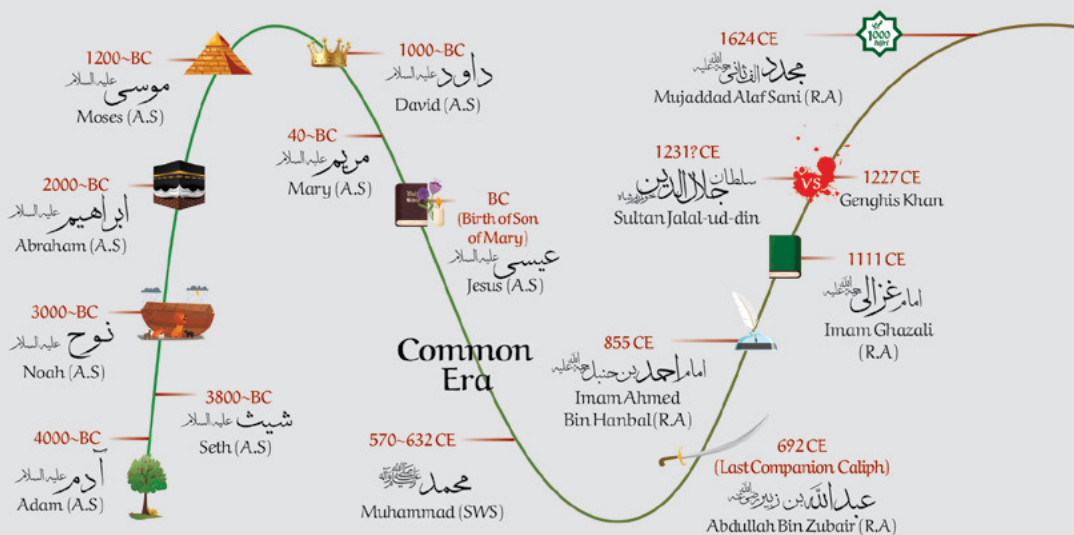
A consumer's interest in a company's product or service reflected in their daily dialogue. (p-118)

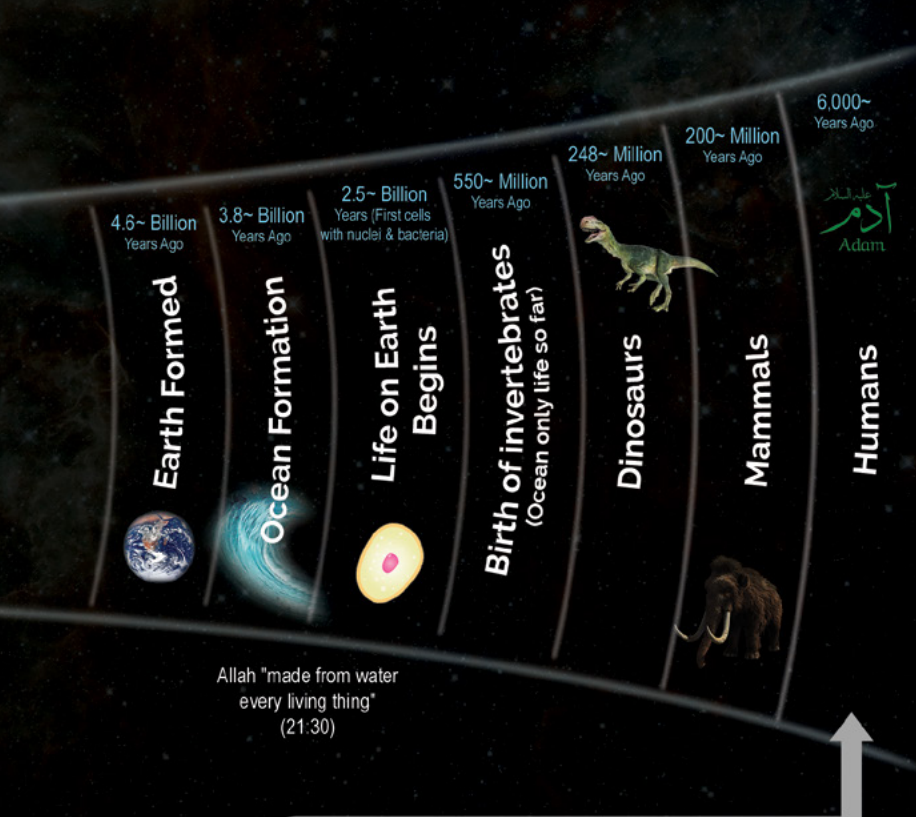
STORY OF TIME

13.7~ Billion Years Ago (Scientific Estimate about Time)



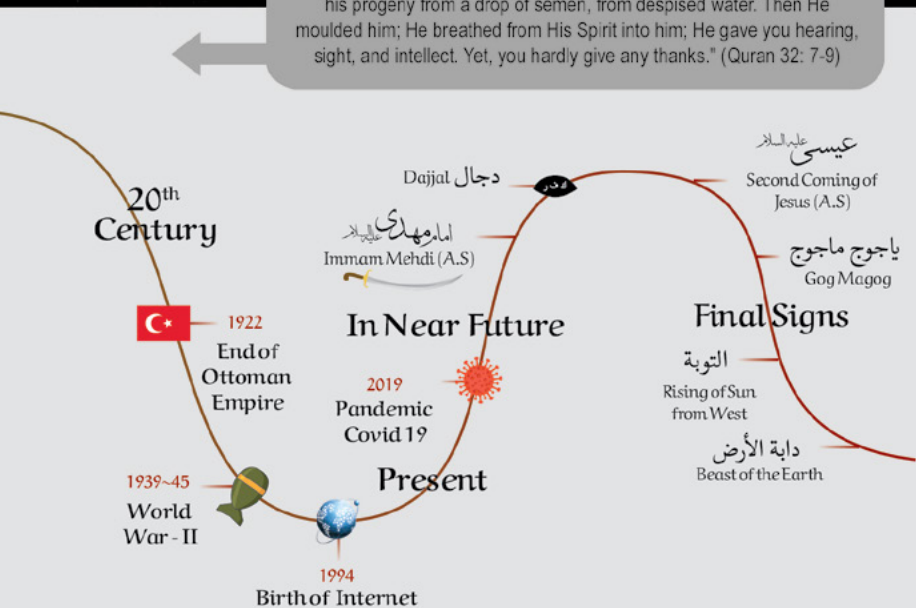
STORY OF HUMANKIND





Allah "made from water every living thing" (21:30)

"Who has perfected everything He created. And He originated the creation of humankind from clay. Then He made his progeny from a drop of semen, from despised water. Then He moulded him; He breathed from His Spirit into him; He gave you hearing, sight, and intellect. Yet, you hardly give any thanks." (Quran 32: 7-9)



In the near Future

End of Universe
(Blowing of horn by Hazrat Israfil)

اسرافيل عليه السلام

End of All Life.
(Death shall be tasted by everything that was created.)

REBIRTH- JUDGMENT DAY





30

Timeline

My Life Story

e.g. Abdullah Wajias



35

Write a book on self-improvement

Gift car to parents.

40

Purchase 1-kanal home

Donate 1 million to charity

50

Collaborate with scholars to write updated tafseer of Quran

60+



“ - Dr. M. Akib Warraich
Assistant Professor.
(Rennes School of Business, France)

“ - *Munazzah Iqbal*
PhD scholar
(Aston University, UK)

